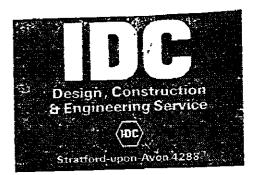
Wednesday July 30 1980



No. 28,230

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## Can General BUSINESS **Sterling** off 1.6c; thrown Gilts into new weaker crisis

Iran was thrown into a new constitutional crisis yesterday when the ciergy dominated Majlis (parliament) stepped up its efforts to impose its own thoice of prime minister on President Abolhassa Bani Sadr.

A list of candidates is now to be drawn up by a commission, but even this compromise was but in doubt by Ayatollah Khameini's decision not to send a representative.

In Cairo, the former Shah of fran was buried with the pomp and ceremony which President Anwar Sadat had promised. Back Page and Page 3

#### Carter threat

H.S. Senate sub-committee inquiring into the Libyan dealings of President Carter's brother Bill, might subpoens the President to testify. Kennedy and Carter, Page 4

# Gannex textile tycoon Lord

Kagan is expected to be extradited from France to Britain tomorrow to face charges under the Theft AcL

#### U.S. recalled its ambassador in Addis Ababa at the request of the Ethiopian Government after

steadily worsening relations. Murder charge

## Brentwood police charged Bussell John Hart with the

morder of TV wedding couple Seven and Hilary Burroughs. Drugs man jailed

#### Crippled British student Gary Haves, 24, was jailed for 12 years by a Greek court on charges of illegal use and sale

## Sakharov piea

Reiled Soviet dissident Dr. Andrei Sakharov called for a political solution to the Afghan risis in a statement smuggled to Western correspondents in Moscow. Soviet MiGs, Page 3

#### Islands' freedom

New Hebrides islands became independent nation of Vanuaatu after 74 years of joint colonial rule by France and Britain.

#### False award trial

Rewin Hearn, 57, was sent for

#### Cell hanging

lan James Sherlock, 33, was found hanged in his cell at London's Brixton prison where he was on remand, charged with murdering his mother-in-

#### Test drawn

England scored 209 for nine declared in their second innings to draw the Fourth Test against the West Indies at the Oval. Peter Willey was 104 not out.

#### Heaven sent

Health officials are analysing mystery "droppings"—pellets about half the size of a pea which are plaguing the Hampshire town of New Milton.

Briefly. . . Gunnen shot and wounded an army general and killed his bodyguard in Madrid.

people to death for their part in a bombing campaign. Soviet court sentened an un-

Angulan court sentenced 16

hard labour for an attempted Former Burmese Premier U Nu,

73, returned home after 11 years in exile.

#### DOLLAR continued Kagan to return improve against most major currencies following a further rise in Eurodollar interest rates

and signs of a tighteing of U.S. money market rates by the Federal Reserve. The currency closed at DM 1.7590 Envoy recalled (DM1.7440), and its tradeweighted index was 84.1 (83.9).

#### • GOLD rose \$4 an ounce to close at a \$648.50 in London.

• STERLING lost 1.60 cents

on dollar's strength and fears

of a cut in Minimum Lending

Rate this week. It closed at

index was 75.1 (75.2). Page 27

STERLING

the S

\$2.3705,

recovering from its trade-weighted

• GILTS suffered after recent heavy investment demand and as a result of sterling's easier trend. The Government Segments index closed 0.15 down in 17.51: Page 36

#### • EOUITIES were firm, and the FT 30-share index finished 3.8 up at 489.7. Page 36

• WALL STREET was up 2.47 at 927.0 before the close. Page

BRITISH National Oil Corporation announced a managerial reshuffle which includes the appointment of a new main board director for finance and planning. Back Page, Heather Field forecasts downgraded,

UK CIVIL AVIATION Authority is to increase its charges by up to 30 per cent. In 1979-80, the authority made a net loss of £28.6m, nearly double that of the previous year. Page 7

charged with dishonestly A JOINT appeal to the Government for greater financial flexibility over rising coal stocks is to be made by the • A JOINT appeal to the stocks is to be made by the National Coal Board and the Central Electricity Generating Board. Page 8

## LABOUR

journalists OBSERVER appealed to their U.S. bosses not to carry out the threatened closure of the newspaper. Page

• YOUTH unemployment could rise to more than 450,000 in 18 months' time, the Manpower Services Commission warned. Page 11

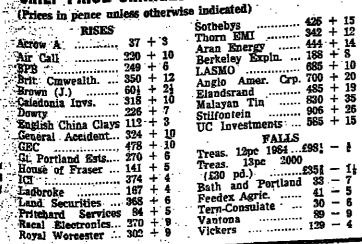
#### COMPANIES

• LOCKHEED, the U.S. aerospace company, suffered a net-loss of \$26.6m (£11.22m) in the second quarter after writing off \$70m on its TriStar programme.

• NATIONAL WESTMINSTER Bank raised first-half 1980 taxable profits by £8.8m to £224.8m after higher bad debt provisions. Page 22 and Lex, Back

employed man to eight years GRINDLAYS Holdings, hard labour for an attempted which has a 51 per cent stake in Grindlays Bank, saw first-half profits fall from £17.89m to £17.33m. Page 22 and Lex, Back Page

# CHIEF PRICE CHANGES YESTERDAY



# Government to give Recession will £25m for Inmos microchip plant

BY PHILIP RAWSTORNE

Mrs. Margaret Thatcher yesterday announced that the Government is to give the National Enterprise Board a second £25m to establish the first Inmos micro-chip production plant in this country.

in the next three or four years. unemployment In further moves to stimulate industrial development and lleviate unemployment, the Prime Minister told the Commons grants of £6.1m are to be

made to Dunlop to modernise its tyre factories in Birmingham and Washington, Co. Durham. In addition, seven "enterprise zones" are to he established in older urban areas throughout the country, in which businesses would be

offered generous investment allowances, tax and rating exemptions and reduced "red tape. The designated zones are: the Isle of Dogs in London's dock-Salford Docks and Trafford Park in Manchester, Speke on Merseyside, parts of and Gateshead, Newcastle Clydebank, the lower Swansea

Valley, and inner Belfast.
Two other areas, one of them at Bilston. Staffs., are also being considered.

If successful the schemes could cost £20m in capital allowances and £50m in loss of

corporation yesterday

expected.

chairman, that further cuts in

BSC's operations must be

will report to Sir Keith Joseph

Industry Secretary, on means of

reducing its cash requirements.

tion" and would involve "an

retrenchment, stock-reduction

and economies in capital

examination of

expenditure."

Mr. MacGregor is reviewing

BSC's activities completely. He tonnes.

tunities ahead of the corpora- pound.

The factory will be built in Announcing the decisions South Wales and is expected to during the Labour censure provide about 2,000 new jobs debate on the Government's record, the Prime Minister said: "We are prepared to help the transition to higher productivity and to

more jobs. "What we are not prepared tto do is buy a few extra jobs

Enterprise zone details, Page 6 Parliament, Page 10 Youth unemployment rise

forecast, Page 11 Editorial Comment, Page 20 Profit by 1984 for Immos says NEB and £6m Government aid for Dunlop, Back Page

now at the expense of higher inflation and higher unemployment in the future.

What we need now is a determination to make all our industries competitive, and this can only be achieved if we get inflation down.

In a spirited defence of the Government's strategy. Mrs. Thatcher told MPs: "It is no good dreaming about U-turns. There aren't any available."

Strike pushes BSC loss

strike pushed the British Steel corporation to a record £545m trading loss and the lowest level of production in its history.

These depressing results for These depressing results for 1977-78 — excludes extra
These depressing results for ordinary items of £1.239bn Provision for this will be

of fixed assets, closures and

winter's steel strike accounted

for more than £200m of the

loss, and for decline of annual

liquid steel production to 10.5m

the strike, BSC achieved improvements in performance

In the nine months before

In its report on the accounts,

due to the continuing uncer-

tainties of the steel market,"
they could not be satisfied that

further Coopers and Lybrand, the cor-t-reduction poration's auditors, said that

The corporation said last

to record £545m

LAST WINTER'S national steel £100m greater than Ministers

1979-SO announced by the associated with the write-down corporation yesterday were of fixed assets, closures and

Mr. MacGregor said yesterday through manpewer reductions, that his review of capacity would "relate it more accurately to the perceived demand for steel and the opportunities about of the corners.

accompanied by a warning from redundancies. Mr. Ian MacGregor, its new The corpor

will have the guts to see it through," she declared. Mrs. Thatcher reaffirmed the Government's main policy lines - tight monetary control,

reduced public spending, no intervention in the exchange rate and further reductions in interest rates "as soon as it is prudent to do so." "The Government is determined to establish credibility for sound financial manage-

ment," she said. Mrs. Thatcher acknowledged the pressures on industry. But she said: "Industries must compete by their own efficiency of both management and workforce. It is no good demonstrating to keep yesterday's jobs.

shan't succeed." Unemployment could not be solved by an assortment of palliatives, she said. Trade union attempts to protect jobs, and living standards had all too often caused more unemploy-

Mrs. Thatcher warned that if pay settlements exceeded the Government's 7-11 per cent monetary targets, there would be further inevitable increases The Government was doing in unemployment. "Too much what the country had elected it pay means too few jobs" she to do-"and this Government

The latest BSC results will

introduced in the next parlia-

mentary session, although originally it had been the

return to profitability could be

Mr. Bill Sirs, general secre-

tary of the Iron and Steel

Trades Confederation, said

yesterday that if the strike— "engineered and sustained by BSC"—had been avoided, and

the capital reconstruction and

revaluation of assets completed,

the corporation's loss would

"That is not too bad. It is

have been not £545m but £185m

better than many of our Euro-pean rivals. Yet they are not cutting back in the same way as BSC." The corporation's

position would be even better, said Mr. Sirs, if it enjoyed the

same State subsidies as continental competitors. Grim outlook for BSC, Page 7

Landing charges to rise, Page 7

Government's hope that

achieved first.

# worsen CBI warns

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

during the past few months will worsen sharply during the future. autumn was issued yesterday by Mr. the Confederation of British

and also forecast further sharp declines in their home and overseas order books and in their levels of output. Profits and liquidity will also come under pressure as companies feel less able to raise prices and maintain competitiveness.

The CBI is calling on the Government to reduce interest rates quickly, enough to surprise international opinion and lower exchange rates. But leaders of the Confederation acknowledge that even this would have little impact on industry's forecasts of deepening recession for the next few months.

At the same time, a reduction in companies' investment intentions has led the CBI's economists to revise their forecasts for capital expenditure. now predict that after falling by over 5 per cent in the current year, the volume of private manufacturing investment will drop by "nearer 10 per cent"

quarterly industrial trends sur-

A STARK warning that the in interest rates last month has recession which has hit industry had virtually no impact on comoptimism about the

Mr. James Cleminson, chairman of Reckitt and Colman and the new chairman of the CBFs economic situation committee, Manufacturing companies economic situation communee, expect to shed more workers, said: "This is as gloomy a picture as it is possible for anyone to paint. British industry is in recession and I fear things will get worse before they get

Calling for immediate cuts in interest rates, Mr. Cleminson said: "The Chancellor put the rate up last year in large jumps and he's now got to come down in the same manner - and the time is now. Unless he moves slightly ahead of what the market expects, sterling will remain at its very high levels."

Trying to sound one opti-mistic note. Mr. Cleminson added that the recession was at least forcing people to "make the connection between pay, productivity and jobs." People now understood the problems of inflation better. Considerably lower pay settlements now had to be negotiated this winter.

Two factors emerging from the survey which worry CBI leaders concern prices and the levels of stocks. The rate of price increases, particularly in export markets, is slowing sig-Continued on Back Page

### This is based on the CBI's vey, published vesterday. It shows that the 1 per cent cut Details, Page 8 Post charges to rise

#### BY JASON CRISP

in 1981.

THE COST of sending a letter by post is set to increase by at least 2p early next year. And the hoard of hte telecommunications division of the Post Office continued to argue yesterday about wide-ranging price increases of at least 15 to 20

A final decision on postal increases has not yet been first-class post will increase by 3p early in the new year, while second-class post is expected to rise by 2p.

About 80 per cent of the costs of operating the postal services are labour costs, which have risen by 15 per cent this year.

Last night the board of British Telecom, the telecommunications division the Post Office, continued its discussions on how to allocate the sharp increase in tariffs, which will be recessary to cover its costs. It is considering the introduction of a two-tier system which would charge business users more than domestic custo-The Post Office admitted

some months ago that its £1.5hn capital expenditure plan would probably exceed its cash limits by at least £150m. Since then, members of the Post Office Engineer ing Union have been awarded pay rises of 20 per centwith a further 1 per cent in December Both the telecommunica-

tions and postal divisions of the Post Office are required to give the Post Office Users' National Council at least three months notice of any price increase. Last night the council expected to receive notification of a price rise in telecommuniation before the end of the week.

# Denmark issues sterling bond

By Francis Ghilès

DENMARK yesterday became the first non-sterling area foreign borrower to arrange to issue in London a domestic sterling bond since Iceland in December, 1962. The Danish move follows the removal of of UK exchange controls last autumn.

The 25-year issue, which will raise £75m is structured like a partly-paid gilt-edged security and does not resemble a Euro-sterling bond issue, of which there have been a number in recent years. It is being underwritten by four merhcant banks and placed by a London broker.

This latest bond follows closely on the heels of two sterling convertible Eurobonds for Japanese borrowers, and a sterling dollar convertible Eurobond for a U.S. corporation underlines the increasingly international role of the London capital market.

ast mouth Sr. Romero Kolbeck. Mexico's central bank governor, travelled to London to discuss the possibility of his country's raising long term sterling debt — something which would help to lengthen the average maturity of Mexicoas foreign borrowing.

In one respect at least the Sterling bond for Denmark resembles a "Yankee" bond issue — that is a dollar denominated bond for a foreign horrower raised in the U.S. domestic bond market.

Denmark's £75m bond carries "

coupon of 13 per cent and has been priced at £98 per cent to yield 13.28 per cent. This compares with yesterday's average yield on 25-year giltedged stock of 12.65 per cent. Other features which distinguish this bond from a Eurosterling issue include: much lower commissions, at 1 per cent, a much longer maturity period, the fact that the bonds are registered rather than in bearer form, and the essentially UK nature both of

writing group.
This includes Hambros Bank,
Hill Samuel, Morgan Grenfell and S. G. Warburg. Most of the Danish paper is being placed by a broker, W. Greenwell.

the placement and the under-

Lex. Back Page

£ in New York July 28

# The Government has accepted that BSC will not the amount of £1.673bn "at accepted that BSC will not the amount of £1.673bn "at meet its cash limits for this financial year and will need additional financial assistance additional financial assistance to continue trading. Protests at BSC, Page 11 Yesterday's losses were some sary. Allegheny raises Wilkinson bid

#### BY ANDREW FISHER ALLEGHENY LUDLUM of the

U.S. announced a firm offer yesterday for Wilkinson Match, in which it already holds a 44.4 per cent stake, securing the UK company's agreement with controversial deal some two terms considerably higher than expected.

Wilkinson's shares gained 20p yesterday on the London stock market, closing at 180p after returning from Monday's suspension once the full details of Allegheny's bid were made known. Having said a few weeks ago that it was thinking of offering

168p a share, the Pittsburgh

steel products and diversified

industrial company is now pre-

Iran: viewed from Washington ..... 20

The offer values Wilkinson at just over £64m, taking into account both equity and loan stock. On an ordinary share basis the full bid gives Wilkinson a value of £53.5m compared with £48m on the terms first mooted.

each £100 of Wilkinson conpared to pay 187p cash. each £100 of Wil Allegheny bought into Wilkinson, the razor and match group, profits of which slid sharply in Allegheny rushed out the initial statement of its intention to bid after Wilkinson shares its last financial year in a rose sharply on rumours that

the U.S. company was preparing a move. The Stock Exchange is still investigating the circumstances of that increase about the start of July to see if there was in-

sider dealing, Having seen profits slide from £19m before tax to £14m in the 12 months to March 31, Wilkin-As well as the offer for the Ordinary shares Allegheny son is chary of making profit offers 62p cash for the fl cumu-estimates for the next two lative preference shares and £91 years.

Lex, Back Page

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# **OVERSEAS NEWS**



Spain through the chain-link

## Spain drags feet over Gibraltar frontier

THE SPANISH Government is unlikely to reopen the frontier with Gibraltar before October at the earliest, even though both Spain and Britain decided earlier this month to continue negotiations on the British colony's future as agreed in Lisbon last April

This view is gathering strength among senior Gibraltarian officials who, although not present at negotiations be-tween Britain and Spain have been informed fully by the British Government at

Sr. Marcelino Oreja, the Spanish Foreign Minister, and Lord Carrington, Britain's Foreign
Secretary, agreed in Lisbon
on the lifting of border
restrictions first imposed by
Spain 11 years ago. Both
sides accepted that such a move need not be tied to any specific conditions at first and suggested last June 1 as the most likely date to open

#### Lasting agreement

At the time. Sr Oreja was reported won over to the British view that an open frontier would create the spirit of consensus necessary for a lasting agreement on some of the more complex issues. Under General Franco's rule. Spanish border restrictions were imposed to try to compel the local population and Britain to accept £1.3bn advanced Sakharov calls for a Spanish sovereignty over the

In recent weeks. noweve Spanish Government has been by Bundesbank backpedalling on the Lisbon agreement, apparently trying By Kevin Done in Frankfurt again to obtain political conagain to obtain political concessions before opening the German central bank, yesterday exiled Soviet dissident leader

According to officials in Gibralccording to officials in Gibralitz, the Madrid Government is demanding that Spanish banking system at DM 5.4hn workers be granted equal (£1.3bn). This sum will be status to their Gibraltarian colleagues as soon as the

Over the past year there has an annual interest rate of 9.2 been a groundswell of pressure in the part of Spain immediately beyond the Rock known as the Campo de Gibraltar, not only for the This fresh action to increase frontier to open but for banks liquidity, the first sign workers to be of a slight easing of the Bundesallowed back into Gibraltar.

The Campo today is an area of high unemployment and Spanish workers would like to take back the jobs they held take back the jobs they need in Gibraltar before the frontier was closed. The Malta's visible trade gap last Spanish view is that equal status in terms of wages, taxastatus in terms of valence of ME30.2m over the previous mem tion and general job opportion and g

possible. However, Gibraltarian officials have told Lord Carrington that the local labour market is too complex and fragile for Spaniards to be granted unlimited access to it im-mediately after the frontier

# Equal status

3.000 Moroccans who replaced thus became the second Middle the Spanish workers after the frontier closed in 1969. Gibworkers will be protected. Sr. Adolfo Canepa, Gibraltar's Minister in charge of economic planning, says that until Spain enters the European Community, Spanish workers will not have equal status to Gibraltarians and will face the same conditions as Moroccans. raltar has assured the Moroc-Schmidt's rain-soaked holiday in can Government that these northern Germany. Meanwhile, Sr. Jose Bossano the leader of Gibraltar's Labour

party, the political group with the European Community Counthe greatest influence among the local workforce, has declared his "total opposition" Khaled of Saudi Arabia arrived to any attempt by Spanish in Germany with seven of his unions to open branches in Ministers, and again the main Cibralter. This would risk theme was: how can the Euro-Gibralter. This would risk theme was: how can the Eurothe Community pace on the subverting Gibraltarian in peans co-operate with the Arabs Palestinian issue. sometimes terests to Spanish industrial in finding a solution to the policy, he said, and could be Palestinian problem?

Used by Madrid as a form of the political pressure. The fact to taken a strictly functional controls are were the fact to taken a strictly functional political pressure.

On all fronts, a feeling of Deja that the European Community's approach to the Palestinians.

In is crecoing into Gibraltar powers of persuasion over the aptly epitomised by the latest. Arab states are limited. But problem, it can only be solved

brightly what is remarkable is how Ponn by talking to everybody consummer craze: brightly what is remarkable is how Ponn coloured T-shirts with the inscription: "They're opening inhibitions on Middle Free the frontier ... mañana." policy, and is coming to "' v.

# Support is growing for Greece's Socialist leader, writes David Tonge in Athens

# Papandreou sheds his revolutionary image

Prime Minister increase, Mr. ment and a restructuring of our Andreas Papandreou, the Greek relationship with the Com-Socialist leader, is trying promunity." But he also stresses gressively to lay the belief that that a government led by him his PASOK party is a revolu-would use its full weight at all his PASOK party is a revolu-

Six years ago he was proclaim-ing that if a left-wing party won the elections, it would need "clandestine groups of action capable of opposing the violence of the bourgeois"—a statement that his opponents continue to band round today. But the visitor to his house at Kastri, under the pine trees north of a sweltering Athens, finds a man who is out to reassure the West that he is not the threat he used to be considered.

The change in his tactics is particularly evident towards the European Community and NATO. Though he still says Greece should remain outside both organisations, the new thrust of his arguments is on working with Community institutions to protect Greece's

He warns that he might take steps "contradicting some of the rules and regulations of the levels in the EEC, that he in-tends to visit Brussels before Greece becomes the tenth member of the Community in January, and that he supports Spain's and Portugal's applications for membership in order to increase the strength within the EEC of the Mediterranean

Equally, there has been a shift in the party's policy towards NATO from the calls before the 1977 general election for an immediate ending of all links, to today's position that the dismantling of links and closing the U.S. bases in the country cannot be achieved overnight. Greece withdrew from the alliance's military wing in 1974. The present Government is pressing for re-entry but has run into problems with Turkey.

wides read desire for change is wides read desire for change is evident, and Mr. Papandreou is its beneficiary. In 1977 PASOK won 25 per cent of the vote compared with the 42 per cent won by Mr. Constantine Karamanlis's New Democracy party. But Mr. Karamanlis is President now and the new Prime Minister, Mr. George Rallis, though able, does not have his charisma nor that of have his charisma nor that of Mr. Papandreou. A large expected.

It is the possibility of power which is causing Mr. Papan-dreou, a man who has never define how a government led by him would behave towards the EEC and NATO. After years of denouncing these organisations, he says, he has to avoid a crisis of expectations among his followers.

He has prepared the way by stating publicly that the U.S. no longer has the ability to project its power as it did when, in



Mr. Papandreou: emphasising the practical

fall of his father's government in 1965, to the colonels dictatorship and to the Turkish invasion of Cyprus. He stresses the point in private, yet on the stump to the party faithful, he still denounces Western Europe as a "political and military extension of the U.S." The differences in emphasis between the private and public stands reflect both

and public stands reflect both the need to satisfy the strong Left-wing in PASOK and Mr. Papandreou's own mixture of Mediterranean socialist and practical politician.

But the growing weight given to the practical side is demonstrated by the stand he has developed on the EEC question. He continues to hold that the Community exploits peripheral Community exploits peripheral economies like that of Greece, economies like that of Greek and he wants the issue of Greek membership to be put to a referendum. However, he says, this would not be on whether to break links with the EEC. Instead, the choice would be between Greece remaining a secondary of the developing a member or its developing a special relationship which would protect it in the fields of trade and capital movements. It is the latter which he supports, citing favourably the Com-munity's agreement with Yugo-slavia. However, he recognises that this could be blocked by Mr. Karamanlis who, as Presi

dent, alone can call for a Italy fears

> Jimmy Stevens.
>
> The rebellion continues and demonstrates the key problems of the islands; the division be-tween the elected, primarily English educated Government and certain French speakers and their colon supporters, the in-

> But Vanuatu has strengths as well as problems. It has a governing party, the Vanuaaku, which is united, well-organised and popular. It won 68 per cent of the vote on a 90 per cent turnout in elections last Novem-

The party, whose leaders are primarily English-speaking and Presbyterian mission-educated, campaign for independence in the face of French hostility and British indifference. It is led by a quiet, friendly, but determined Anglican priest, Walter

Marcos seeks approval

expenditure, 25.4bn pesos, or 48.5 per cent of the total, will go to economic services: 13.1bn pesos will be spent on social

biggest appropriations are: defence, 7.1bn pesos; education and culture, 3.8bn pesos; energy. 2.3bn pesos; public works, 2.3br pesos; public highways, 2.1br pesos; health, 1.8bn pesos: human settlements, 1.1bn pesos.

services; 6.9bn pesos on general the gap between expenditure public services; 5.3bn pesos on and receipts. The revenue propeace and order; 3.9bn pesos jection itself is based on receipts. on loan amortisation and number of new interest payments.

#### Warning by Zimbabwe farmers BY OUR SALISBURY CORRESPONDENT

A WARNING about the future mercial agriculture had fallen

expected as many, it not more, of the Commercial Farmers visitors than last year. Greater numbers are expected particularly from West Germany, the Benelux countries and Britain.

# Elections have to be held its power as it did when, in within 15 months and PASOK's his view, it contributed to the W. Germany stems flood of fleeing Turks

BY METIN MUNIR IN ANKARA AND ROGER BOYES IN BONN

WEST GERMANY'S unilateral abrogation of its visa agreemen with Turkey is expected to end what could be the biggest of Turks from their homeland in recent times. Some 100,000 Turks have applied for political asylum in the last 18 months. With the prospect of further applications.

West German Parliament was forced last month to approve the introduction of compulsory visas for visiting Turks. It will come into effect on October 5. German officials say that

Bonn consulted Ankara before the decision was made, and point out that the visa require-ments also apply to Bangladeshis and Indians. Bonn has played a leading role in co-ordinating the West's financial aid programme for Turkey and stresses that the restrictions do not breach EEC guidelines. Nonetheless officials admit that there could be "a degree of dissatisfaction" among Turks about the move

which Ankara views as a breach

of the spirit of its association agreement with the Community. West Germany has been concerned about the growing number of Turkish "guest -some of whom are working illegally-at a time when unemployment is increasing and economy shows signs

fixed definitively the extent of

made available to the banks

against securities for 25 days at

a current Lombard rate (charged on short term loans

against securities) of 9.5 per

bank's tight monetary policy. expires on August 26.

year grew to an all time high of

M£119.8m (£149m), an increase of M£30.2m over the previous

This fresh action to increase

to banks

THE WAVE of assassinations and riots in Turkey have ob-scured the Government's efforts to curb inflation. Recent figures suggest these efforts are succeeding, writes Metin Munir in Ankara. The wholesale price index went up by 2.7 per cent in June, the lowest rise in nearly 20

Although the index shows a 61 per cent increase for the

of slowing down. Including families, there are 1.2m Turks in Germany at present. will allow them to monitor more carefully the influx of

Turkish extremists—especially the right wing "Grey Wolves" -who have been causing some anxiety to German authorities. Also applying for asylum are the extreme leftwing activists and is still increasing, (who, like the rightwing, claim that their lives are in danger in

neutral Afghanistan

BY DAVID SATTER IN MOSCOW

yesterday called for a political

solution of the Afghan crisis

based on neutralisation, and warned that failure to settle the

issue could affect the course of

In his proposal, written in

Gorky the city to which he has been banished. Dr. Sakharov called for a ceasefire in

Afghanistan and the replace-

ment of Soviet forces there with

UN troops, to be followed by free elections. During a transi-

tional period, the Government of Mr. Babrak Karmal would be

replaced by a temporary council

formed by representatives of the

Karmal Government and the

Dr. Sakharov also proposed

that all Afghans wishing to

leave Afghanistan should be

allowed to do so, and that the members of the UN, including

German officials admit now that.

far from following the pack. Bonn has been resolutely setting

Soviet Union,

should

guarantee them political asylum. pressure against himself.

history for decades.

Afghan guerrillas.

#### TURKISH PRICE RISES SLOWING

first half of 1980 compared with 40 per cent a year ago, the rate of increase has been considerably. In the month Mr. considerably. January. Suleyman Demirel, the Prime economic stabilisation measures, the index rose 9 per cent the following month. But since then, the monthly increases have been 4.4 per cent, 3.5 per cent, 2.9 per cent and June's 2.7 per cent.

take between six and seven

Interior Ministry officials authorities believe that the apply for political asylum in fact seek "economic asylum." Despite the huge western aid it has received this year to mits and relief money. help it overcome its worst economic crisis Turkish unemployment stands at 20 per cent One German diplomat com-

mented? "Perhaps a handful Turkey) Alevis, a sect of the are really in danger of their Shi'ite branch of Islam, and lives. But the overwhelming Kurds. Both these minorities majority are xist running claim that they are being away from poverty and unem-oppressed in their homeland, ployment. They want jobs." ployment. They want jobs."
Turks started seeking political

The plan called for the

neutrality and independence of

Afghanistan to be guaranteed

by the permanent members of the UN Security Council and

Afghanistan's immediate neigh-

Dr. Sakharov warned that the

world was on a precipice, and that "continuation and further

intensification of military activities" could have

catastrophic consequences."

Dr. Sakharov also appealed in

his statement for Elizabeth Alexeeva, the fiancee of his step-

son, to be allowed to emigrate.

He said the fact that she has not been allowed to leave the

country for two-and-a-half years

hostage.

meant she had become a

He said he considered the

"threats, blackmail and slander in the Soviet Press" directed against Miss Alexeeva who

lives with Dr. Sakharov's wife.

Yelena Bonner, in their Moscow

flat, to be an additional form of

numbers in 1979. A sharp increase occured this year. An average of 10,000 applications a month were received by German courts in the first six months. The Germans expect 25,000 applications between June and when the visa restrictions go into effect in October.

There are two reasons why the Turks have chosen Germany over other Western countries. Firstly there is a large expatriate Turkish community in Germany which can provide accom-modation and guidance to the newcomers. Turkish workers in Germany make up some 40 per cent of foreign workers. The second reason is the liberal German law governing political

Applications have to be pro-cessed by courts and proceedings cases are finalised, applicants are entitled to residence per-

Mr. Suleyman Demirel's rightwing minority government has friendly act " and demanded that the decision be "softened."

After visa restrictions are imposed the German embassy in Ankara does not expect the flood of applications to end. It is in the processing of renting more office space to handle an average Few applications have been Turks started seeking political office space to handle an average processed because formalities asylum in Germany in large of 600 visa applications a day.

#### Austria is likely to approve arms for Chile By Paul Lendvai in Vienna

Austria is expected to honour a Sch 2bn (£66m) arms order by Chile to Steyr Daimler Chancellor Bruno Kreisky and Herr Karl Sekanina the metal union leader who is also Minister of Transport, have spoken out in favour of selling 100 light tanks and 300 machine guns

Under Austrian law, arms sales must be approved by the Government after consulta-tion with the Ministries of Foreign Affairs, Defence and Interior. A formal request has been made by the com-pany and a decision is expected soon.

Dr. Kreisky, holidaying in Mallorca, told Austrian Radio yesterday by telephone that he will approve the deal provided the Chilean Government gives appropriate guarantees that the weapons will be used solely for defence and not in internal conflicts.

**DESPITE DOMESTIC protests** 

# for tourism after kidnaps By Rupert Cornwell in Rome

RESURGENGE of kidnapping foreigners holidaying in Italy is causing increasing alarm in the country's tourist industry, one of the main sources of foreign exchange for national economy.

Three days after the seizure in broad daylight of three young West German children staying with their families in Tuscany, a Swiss banker narrowly escaped the same fate yesterday when returning home from a beach barbecue close to San Teodoro in northern Sardinia. Only the vigorous reaction of

Sig. Dionigi Resinelli, a 39-yearold banker from Lugano, saved him from being taken prisoner by Sardinian bandits of the type which seized British engineer called Germany's abrogation of Mr. Rolf Schild and his family the visa agreement "an unin August 1979. But of the three West

Germans there has been no word so far nor any demand for ransom. Police are dismissing theories that derrorles were behind the attack (an idea nur-tured by the fact that the father of two of the missing children is a prominent West German television journalist). They tend to believe that a Sardinian gang which has previously operated

in Tuscany was responsible.

So far, appeals by the Pope and the victims' family have been to no avail. But neither, happily for the Italian authorities, have there been signs of heavy cancellations of holiday bookings, after a summer which appears to have seen a decline from the record tourist levels of 1979.

The common belief is that the Tuscany episode may have been a mistake, that the kidnappers were aiming for members of the wealthy and aristocratic Corsini family, on whose estate the West Germans had rented a

#### Swiss resorts expect more foreigners

Stable exchange rates and an increase in domestic tourism are expected to result in a good summer season for the Swiss tourist industry this year, writes John Wicks in Zurich. In a survey conducted by Union Bank of Switzerland almost all resorts expected as many, it not more,

# Legacy of colonial mistrust for Vanuatu's rulers

THE CONDOMINIUM of the New Hebrides came to an end at midnight in much the same circumstances as it came into existence 75 years ago—an un-easy and mistrustful compro-mise between British and

French interests.

To the leaders of the republic of Vanuatu now falls the task of repairing the fissures created by a dual system of colonialism. The South Pacific island group of 100,000 people has had misfortune to be the living embodiment of the differences in attitude and Government between the British and French colonial systems. That such a comic-opera dual rule, involving separate police forces, separate schools, separate courts, separate legal systems, has not created even more havoc than it has is due to the fact that dual admin-

administration in practice.
In recent weeks the remote and normally peaceful islands have been in the headlines of the world's Press because of the bow, and arrow rebellion on the largest island, Espirutu Santo, led by the bearded figure of

ability of the British and French to co-operate, and the illiteracy and backwardness of some parts of the territory.

nation is also united by a comand administrative forces to and 150 miles wide.

help it govern. These have been denied to them by British and

French disagreement. Now. with

independence, the Lini Govern-ment is free to seek assistance

where it can.
The Santos crisis has been a

diversion from the problems of establishing a unified adminis-tration and finding ways of rais-

ing revenue to reduce reliance on the former colonists. At pre-

sent the main export is copra-produced mostly on small

produced mostly on small foreign-owned plantations which

have been the object of some

nationalist hostility even though

there is no shortage of land on Most agriculture is still of a simple subsistence type—not that subsistence is a problem in this tropical garden. Among new economic activi-

ties, tourism has potential. The new state has unspoiled lagoons, underwater coral gardens, pain trees, and delicious coconul crabs. It has the remanants o U.S. wartime airbases—the battle of the Coral Sea wafought from the New Hebrides and the islands were the setting for "South Pacific." All told there are plenty of attraction for Australian tourists, once : direct air-link is established after independence.

The tax haven and offshore Despite the Anglophone banking business in Vila, the Francophone argument, the new capital, should grow with immon language, Bislama, a Mela- Finally, there are the fish and nesian pidgin similar to that other resources in the ocean-spoken in Papua New Guinea. which he within the 200-mile thategro, what the Govern-under the Stand group which ment has laked the straddles an area 400 miles long

for budget of £3.1bn The seven Ministries with the

yesterday asked the interim

PRESIDENT Ferdinand Marcos National Assembly of the Philippines to approve a budget of 54.8bn pesos (about £3.1bn) for next year. That is about 13bn pesos more than the current budget.

The largest single head of.

The Government estimates

pesos. The Government plans revenue next year at 45.3br to borrow 9.5bn pesos to cover taxation

### of commercial agriculture in by 50 per cent over the past Zimbabwe was made last night three years. Short-term borrowby Mr. David Spain, president ing by farmers for seasonal

# Bonn setting the pace for Europe's Middle East peace bid

Egypt and Israel.

Sensitive to U.S. feelings,

Arab nations.

It was, for instance, Herr based on Israel's right to exist within secure borders, the right of the Palestinians to self-deter-introduction of a European mination, and the need to asso-resolution on the Middle East ciate the Palestine Liberation at the United Nations, on the King Hussein is due to begin talks with Chancellor Helmut Schmidt in Bonn today, as the European Community steps up its efforts to help tive on the Middle East and the his tour this year of Arab Middle East mission of M. countries. Herr Genscher's Gaston Thorn, the president of comments drew sharp criticism find a solution to the Palestinian problem.

> The policy restraints on Bonn pressed their regret that the Palestine Liberation Organisa-

from the value of the Camp David process. But after further consultation with the have not gone away. Mr. Menahem Begin, the Israeli U.S. Germany radically shifted its ground and started 10 days singling out Germany for critically shifted ago to put pressure on the other consultation with the U.S. Germany radically shifted its ground and started 10 days ago to put pressure on the other cism after the Venice declara- European Community members tion, and several pro-Israeli to introduce a Community Social Democrat politicians ex-pressed their regret that the Venice principles at the UN Palestine Liberation Organisa- special assembly last week, tion had been explicitly men- This change of policy was tioned. However, Bonn's main prompted by the realisation

Equal status

KING HUSSEIN of Jordan leading role in formulating leaders at Venice last month. phased peace in the Middle East munity resolution would. Bonn also act as a bridge between the than if Mr. Ronald Reagan is arrived in Bonn last night and European policy towards the The declaration called for a based on reconciliation between and the U.S. thought, sap Atlantic Alliance and the Gulf elected. Through the European Germany initially opposed the

from Israel, and Germany insisted that it was simply following the European line. But agreement.

Comments drew snarp criticism in the tortuous period of the U.S. presidential elections.

Granisation with any final grounds that it would defiect Herr Schmidt has already made from the value of the Camp clear that he considers that the Palestinian problem is as potentially explosive as the Soviet invasion of Afghanistan. indeed, the problems are linked. There is a need, German officials stress, to strengthen the balance of power in the Gulf states, and thus contain Soviet ambitions. Yet there is a degree of pessimism about how this strengthening can be

and the U.S. thought, sap support for the radical resolution, and prevent the isolation of the U.S. and Israel

Atlantic Alliance and the Gulf elected. Through the European states. But the basis of a Eurotion, and prevent the isolation of the U.S. and Israel

Atlantic Alliance and the Gulf elected. Through the European states. But the basis of a Eurotion, and prevent the isolation of the U.S. and Israel

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Atlantic Alliance and the Gulf elected. Through the European states. But the basis of a Euro
Community initiative, however, he used to be a common landar and the Gulf elected. Through the European states. But the basis of a Euro
Community initiative, however, he used to be a common landar and the Gulf elected. Through the European states are common landar and the Gulf elected. Through the European states are common landar and the Gulf elected. Through the European states are common landar and the Gulf elected. Through the European states are common landar and the Gulf elected. Through the European states are common landar and the Gulf elected. Through the European states are common landar and the Gulf elected. Through the European states are common landar and the Gulf elected. Through the European states are common landar and the Gulf elected. Through the European states are common landar and the Gulf elected. Through the European states are common landar and the Gulf elected and

considerably more has been borrowed indirectly from Arab countries. Germany is also try-ing to encourage Arab purchases of German products and Arab investment in German companies, in an effort to recycle some of the surplus Arab funds.

Much depends on the out-Arab states are limited. But what is remarkable is how Ponn is rapidly breaking out of its inhibitions on Middle First inhibitions on Middle First broadened by the Middle First cerned of the Camp David project of the Camp Davi

tries.

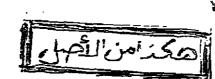
tion, and prevent the isolation of the U.S. and Israel.

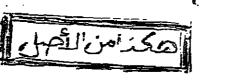
In the event, the European Foreign Ministers last week scotched the German idea, but M. Thorn made a statement to the UN Assembly reiterating the Venice principles.

Two principal, inter-related factors underbin Ronn's more factors underpin Bonn's more rent account figures to the tune run-in period before any move-confident policy on the Middle of a DM 25bn (£6bn) deficit ment on the Middle East — East. First, there is an over-Saudi Arabia, Bonn's principal which would effectively prolong which would effectively prolong riding fear that the impetus for oil supplier, has made Bonn a the time-span of the European a Middle East peace will be lost direct loan of over DM 3hn, and initiative.

For the Europeans, the real diplomatic skill will be deciding when exactly to step out of the fray and let the U.S. take up the baton again. Bonn officials believe the Community has assessed its limitations realis-Both King Khaled's visit-and initiative is not by any stretch cellor left the impression that destroy decades of Arab-Israeli regarded by many Arab com-

War wounds take longer to heal.





of co,



Egypt's President Sadat (right) in Field Marshal's uniform, escorts Iran's former Empress, Farah Diba, ex-President Nixen and ex-Crown Prince Reza Pablavi at the Shah's funeral in Cairo yesterday

# Sadat keeps pledge to Shah and makes an Islamic point

BY AUAN MACKIE IN CAIRO

THE FORMER SHAH of Iran on foot, from the Abdin Palace. where the Shah's body lay in state overnight, through the backstreets of the medieval city. The procession ended at the Rifai mosque, the traditional resting place of

Egypt's last kings. - Units of the armed forces, followed by some 60 wreaths, preceded the horse-drawn gun carriage which bore the Shah's bier draped in the imperial

Heading the procession with Mr. Sadat, and looking completely composed, was the Shah's widow, Farah Diba, with their elder son, former Crown Prince Reza, as well as the former U.S. President, Mr. Richard Nixon, and ex-King Constantine of Greece.

The U.S. was represented officially by its Cairo ambas- sions in the Egyptian Press Alfred Atherton, France by its ambassador, M. Jacques Andreani and Britain by its charge d'affaires Mr. Nicholas Barrington.

Israel's ambassador, Mr. was buried in Cairo yesterday Eliahu ben Elissar, made a with the pomp and ceremony surprise last-minute appearance which President Anwar Sadat and King Hassan of Morocco had promised. Mr. Sadat, sweat-sent his Minister of Court ing profusely in his Field Affairs, Moulay Hasseb Alaoui. Marshal's uniform in a temperadespite Mr. Sadat's declaration ture of 90deg.F, led the cortège that no other Arabs were

> For all Mr. Sadat's protestations that the funeral was a private affair between Egypt and an old friend, there is ample evidence that it was carefully planned to make a political point. One of the many banners displayed along the route summed it up: According to Islampic principle we bid the Shah farewell."

The idea that Egypt alone is keeping alive the true spirit of Islam, has a certain local appeal. A bystander told me: We love everyone, Americans. Iranians, Israelis . . . and we want to live in peace. Referring to Ayatollah Khomeini, he used the most perjorative Islamic terms to describe an infidel.

There has been no discusof the Shah's policies in Iran. Newspapers here have dwelt exclusively on the fact that the Shah came to Egypt's aid in the war of October, 1973.

OECD REPORT ON AUSTRALIA

# Oil and minerals promise 10 years of steady growth

decade of sustained economic plans get under way. growth based on large-scale energy and minerals developenergy and minerals develop-ment, according to the latest the past few years, which Organisation for Economic Cooperation and Development in manufactured exports," the report published today. But report says. Total exports of shortages of skilled labour are manufactures last year rose by a potential obstacle, the report warns, and future growth could be jeopardised by any repeat of the wage and salary explosion which contributed to higher unemployment and low growth in the second half of the 1970s.

The report's general optimism recognises the contribution made by the Government's monetary restrictive economic policies which have helped to reduce unit labour increased Australia's international competitiveness, and led to a substantial improvement in the external balance. The current external deficit fell from just under A\$3.5bn (£1.7bn) in 1978 to A\$1.7bn price increases from the current investment. 10.5 per cent. It also notes that The be

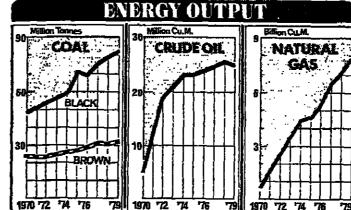
AUSTRALIA SEEMS poised for proving as large-scale investment

"The cost/price competitiveness of the Australian economy partly explains the rapid growth 13 per cent in volume. Competitiveness in this sector is closely related to overall employment prospects, due to the capital-intensive, lowemployment nature of the other main export sectors—minerals. energy and farm products.

The report warns, however, that should labour shortages and higher wages lead to what it calls "domestically generated cost/price distortions," then "much of the painful process of reversing earlier factor share imbalances would have to be faced again."

Restrictive monetary fiscal policies, curbs on public sector spending and less than last year. This trend seems to be full inflation-indexation of continuing. The report blames wages have been key components external factors for the recent of government policies aimed at increase in inflation, but said the providing a breathing space for outlook is for a slowdown in private sector profitability and The beneficial effects of

employment prospects are im- higher world energy prices for that suggested by the current as the "essential basis for an



1970 72 74 76

energy, plus the improved investment climate, have led to ambitious plans for investment in minerals and energy.

Australia is one of only five Organisation for Economic Cooperation Development coun-tries which have a positive for crude oil." energy balance, and is the Although member country with the largest absolute energy surplus. What is more, the report adds:

The overall energy situation is considerably stronger than

Australia, rich in resources and degree of self-sufficiency, as present production levels bear little relation reserves . . . the range estimated from the Bureau of Mineral Resources data is from almost 1/600 for coal, 1/120-30

> Although energy is both cheap and abundant, government policy has been to align domestic prices with international levels.

The report praises this policy

Thanks to its natural resources and international competitiveness, " Australia better placed than many other countries to absorb the conse-1970 '72 '74 '76 '79 quences . . . of weakening prospects for the world economy.' the report adds conclusion.

Nevertheless. the inter national recession will be felt through "a reduction of export prospects, a continued rapid increase in import prices, a fall in the terms of trade of 5-8 per cent in 1980 and some uncer-tainty in the capital account of for natural gas and about 1/10

transporting raw

competitive

materials and energy worldwide

19**6**0s'

development, in that much new

jects as aluminium smelting.

the balance of payments." Wages and salaries are expected to rise by 12,5 per cent this year, from 9.75 per cent in 1979, while overall gross domestic product growth is expected to stabilise at around Robinson

efficient energy policy." It 2.5 per cent, the same as in points out that the growing 1979. Growth will accelerate to around 3.5 per cent in the first half of 1981 as investment prowill by itself ensure Australia jects gather pace. The current external deficit is expected to advantage. The forthcoming fall to A\$ 1.25bn from A\$ 1.7bn last year,

investment boom will differ mineral The report ends on a caution-ary note. The major investment investment will be in such projects now planned will lead energy intensive mineral proto large inflows of foreign equity and debt capital, a substantial increase in private fixed investment, substantial investment by government and public enterprise in infrastructure, utilities and energy, and a high level of export receipts and associated remittances.

> All this could lead to growing inflationary pressures, and the report advises that "the inflation risk will be lessened the more rapidly the long-term policy of reducing protection is pursued." This task, it adds "would be rendered less diffi-cult by the lowering of import barriers in partner countries on exports of most importance to Australia"—a clear reference to Australia's current dispute with the European Community.

By Anthony

# Ghana clamp-down on cargo line

BY OUR SHIPPING CORRESPONDENT

PRESIDENT Hilla Limann of sidiary of a German shipping and 100 days a year holiday. Ghana has assumed personal company. Deutsche Afrika Foreign crews will now be responsibility for the manage. Linie has been asked to take recruited to sail the ships if responsibility for the management of the State-owned shipping company, the Black Star line, and called in the Ghanaian navy to control the

The Government's actions follow a long strike and the breakdown of discipline in the country's shipping line which has led to the bulk of the fleet of 20 ships lying idle at Ghanaian ports. The company has run out of money, lost most of its senior management and many of its vessels have been arrested at foreign ports for non-payment of dues. The Government has been

investigating the affairs of the Black Star line for the last couple of years. With the breakdown of discipline many of the ships' officers were using the vessels to trade on their own behalf and this has led to difficulties for other companies participating in the UK-West Africa Conference (UKWAL).

over the management of Black Star. However, the financial details have not been settled and in the interim the Ghanaian navy has taken control.

Black Star is a member of the important UK/West Africa Lines joint service which handles the bulk of the UK traffic between the two areas. As a result of Black Star's problems shippers have been threatening to send their goods by non-conference operators.

Mr. Peter Eariam, chief executive of the conference, yesterday welcomed the move to restore order and discipline at Black Star. He said that he had been informed of the Government's intentions

The Government has dismissed Black Star officers who had been on strike. The officers wanted salary increases of between 70 and 100 per cent, that It is understood that a sub- payment in foreign exchange reached to end the strike.

President Limann said yesterday in a radio broadcast that he had dismissed the shipping line's officers who had refused to sail during a seven-week dispute and accused the officers "holding the country to over their wage

are currently idle in the country's ports, six of them loaded with crucial exports including cocoa beans and cocoa products, shipping officials

About 15 Black Star vessels

President Limann said the Government prosecutor and police would be called in to investigate allegations malpractice by officers. The management dismissed

striking officers before, but the Transport Ministry rescinded the dismissal orders when it seemed likely a few days ago agreement had been

#### Fourth day for Johannesburg garbage strike

RUBBISH BINS were overflowing in Johannesburg yesterday and streets were strewn with litter as a strike by municipal workers entered its fourth day. About 4,500 workers, a third of the council's workforce, have stopped work in support of demands for wage increases and recognition of their trade union.

Civic leaders met Mr. Fanie Botha, the Manpower Minister. in Pretoria yesterday to discuss the strike. The chairman of the city's management committee said after the meeting that no decisions had been taken.

The management committee has refused to meet the Black Municipality Workers' Union, which organised the strike and claims to represent 9,000 of the municipality's 15.000 workers. The authorities favour another union.

Violence continued in the eastern Cape yesterday. Two buses were set on fire in Port Elizabeth and police fired hirdshot to control crowds in a

# Soviet MiGs and gunships suppress Afghan mutiny

SOVIET MiG fighters and helicopter gunships have gone to the rescue of the Afghan Army to help put down a revolt. according to western diplomats

in the Indian capital.

Two contingents of Government troops in the Ghazni region south-west of Kabul are understood to have gone over to the rebel forces last week. The fighting which followed was reported to have been fiercest clash between Government forces and the rebels since the invasion of Afghanistan by the Russians last December.

The revolt, led by a senior Afghan commander, forced the army to summon Soviet help scores of MiG-21s and helicopter gunships were used before the rebels and mutineers were quelled.

The 14th Division of the Afghan Government forces and another unit at Kowt-Ashrow joined the rebels and suffered casualties in retaliatory action.

The revolt is believed to be linked with the factional fighting between the Parcham and Khalq groups in the ruling Communist Party which is gathering momentum daily. Diplomats say the commander who led the revolt belonged to the Khalq faction which is being ruthlessly suppressed by President Babrak Karmal, The commander's defection took place after he had been stripped of his command.

AP reports from New Delhi; Armed tribesmen have shot and killed a policeman in India's troubled north-eastern state of Tripura in an attack on a police camp. The tribesmen are said to want independence from India.

Reports reaching the capital yesterday quoted a police official as saying that about 20 tribesmen, armed with shot-guns, bows and arrows and knives, launched the heavy attack at Bogabil, about 40 miles north-east of the state capital, Agrtala. Three other policemen were wounded.

# he new French Franc Travellers Cheque.

Supported by 90 years of worldwide service.

Good news for travellers and tourists. Announcing a new French franc travellers cheque issued by the Société Française du Chèque de Voyage (SFCV) – a Company associated with years of experience in the travellers cheque business.

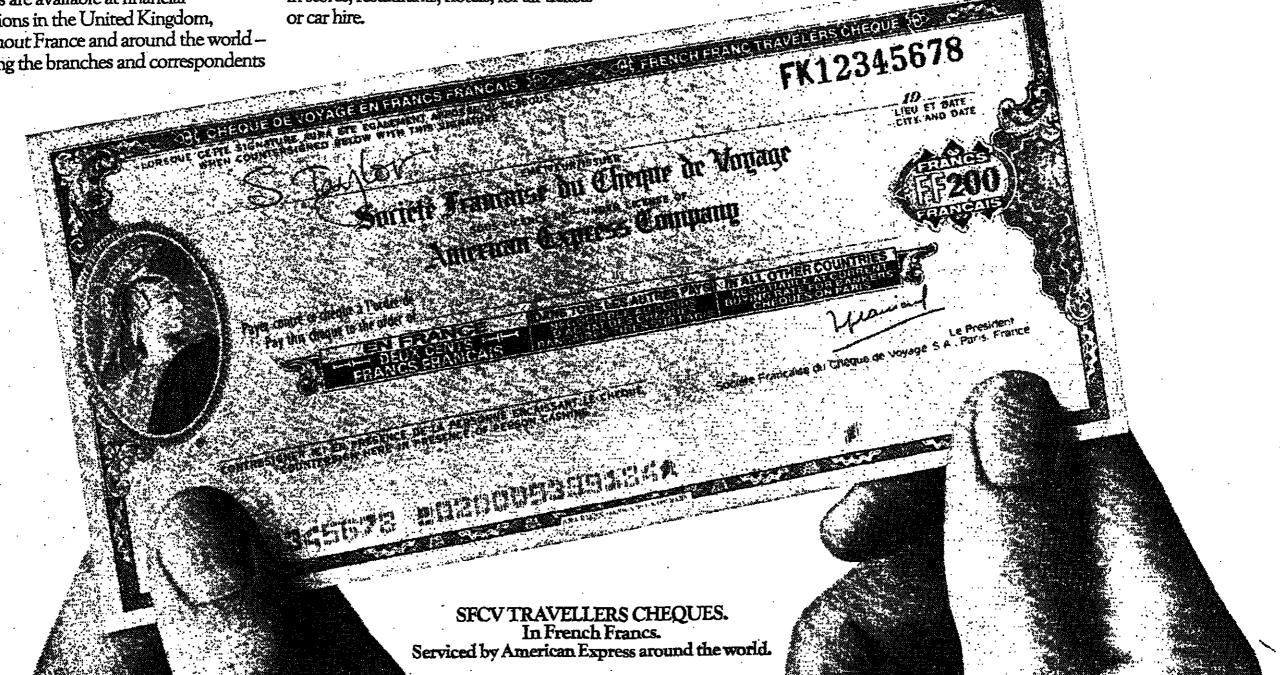
These new SFCV French franc travellers cheques are available at financial institutions in the United Kingdom, throughout France and around the world including the branches and correspondents

of the co-founding companies: Banque Nationale de Paris, Crédit Lyonnais, Crédit Agricole, Crédit Commercial de France and through all offices of American Express.

Carry these new SFCV travellers cheques in confidence when you travel to France or in a French franc zone. Use them in stores, restaurants, hotels, for air tickets or car hire.

If your SFCV travellers cheques are lost or stolen you can obtain a full refund through the most experienced refund system in the travellers cheques business - the worldwide network of American Express.

So before you depart for France on holiday or for business be sure to buy the new SFCV French franc travellers cheques - serviced by American Express; with 90 years of experience.



# Kennedy and Carter bargain over delegates

aides of President Jimmy Carter and Senator Edward Kennedy chances in the autumn election.

There will still be a fight between the two rivals, made more acerbic and uncertain by the new moves to let convention candidate. delegates keep their options open and possibly allow a third

candidate to emerge. But Mr. Paul Kirk, the Kennedy political director, said yesterday his candidate was pushing for delegates to be given more time to debate the crucial rules change, proposed by President Carter to lock up his nomination on the first ballot with his large majority of 2,000 nominally committed delegates. In return, the Kennedy forces are ready to drop some of their demands on policy issues, Mr. Kirk said. Yesterday Mr. Jim Wright, democratic Leader in the House of Representatives, came to the President's side in predicting that the move by rank and file Democratic Congressmen to open up the New York convention would fizzle out." Vice-President Walter

BACK-DOOR negotiations are Mondale, one of those now now taking place between key aides of President Jimmy Carter and Senator Kennedy as a compromise unifying candito try to prevent next month's date, has also tried to rule this Democratic convention becoming a political blood bath that could destroy the party's cagey in public about his possible eleventh-hour candi-dary while Senator Henry Jackson has shown frank interest in emerging as a dark horse

"The committee for an open convention," set up this work by junior Democratic Congressmen, werried that the emerging row over Mr. Billy Carter's links with Libya could drag President and party down in another "Watergate." has raised some \$200,000. Its aim is to persuade as many of the 3,331 delegates it can reach in the next two weeks that their prior commitments to Mr. Carter or Mr. Kennedy should not bind

Support for this has come from two Democratic governors, Mr. Hugh Carey of New York and Mr. Richard Lamm of Colorado. Whether their view of has wider support from more of the 31 Democratic governors will become clear at their long-planned summer meeting next

# No end in sight to U.S. actors strike

BY DAVID LASCELLES IN NEW YORK

THE STRIKE of U.S. actors with an offer of 3.6 per cent, moves into its 10th day today but hedged this about with conwith little sign of an end to ditions which the unions say the deadlock which has brought makes the offer meaningless. the U.S. film industry to a virtual standstill. Several loca- issues as well, like basic rates tions abroad, including Britain, of pay. But neither side is prehave also been affected.

on July 20, and involves nearly problem is resolved. 10,000 members of the two leading acting unions. A spokeswoman for one of them, the Screen Actors Guild, said yes-terday in Los Angeles: "We're another innovative trend: the digging in for what could be a showing of films on TV. We

the central issue is compensa- spokeswoman. tion for productions destined

ing out the initial salary, and cent. The producers countered the two sides.

yet, no established procedure. Brothers was the target last 12 per cent of the takings, leav- be the next one on August 5.

There are other outstanding to discuss these fully The strike began at midnight until the video and pay TV

The actors are particularly adamant about this because they feel they were duped in ong fight."

are determined not to let this
The strike is over pay, but happen again," said the SAG

The actors are mounting for new types of outlets like demonstrations headed by video cassettes, pay TV and famous faces outside the big cable TV, for which there is, as Hollywood studios. Warner The unions originally wanted week, and 20th Century Fox will At the moment, no further

# Immigration officers see arrested Iranians

still being held here because strators, who pleaded not guilty they refused to give their names after being arrested during were mistreated in jail but demonstrations.

District of Columbia police said 169 Iranians, mostly supporters of Ayatollah Khomeini. were arrested on Sunday on misnemeanour charges following clashes with police and anti-Iranian

Although they could have been released upon producing identification and paying a small fine, most of the demonstrators refused to give their names,

The first group of demon- hunger strike in their support.

as "John Doe," claimed they were from Sunday's protest. Judge John Hess set bail at \$250 for each demonstrator, with the condition that they

for August 18. The demonstrators warned that they could lose their visas by refusing to cooperate with police, according to officials of the Immigration Naturalisation About 50 pro-Khomeini Iranians who were not arrested began a

WASHINGTON—U.S. Immigra-tion officials have ben called in tossed a bloody flag on the to interview dozens of Iranians defence table. The demonprosecutors said their wounds

The President said the minerals marketing system (bandled by Mineropera Commercial, the State marketing identify themselves before being company) would be reviewed released. He scheduled the trial to ensure maximum efficiency. He added that foreign capital would be necessary to develop

new mining projects.

President Belaunde's message stressoil education, health and housing as main priorities, as well as increased agriculture-mainly the develop-ment of jungle land and irriprojects-

# Japan exports 55% of car production in first half

half of total production, which 23.4 per cent. the association last week said

Belaunde

Peruvian

By Doreen Gillespie in Lima

PERU officially returned to a

Democratic Government on Monday when Sr. Fernando

Belaunde Terry was sworn in

as constitutional President

before the newly reopened

Congress and almost 100 delegations from Foreign

countries and international

The inaugural ceremony

ends 12 years of rule by the armed forces, who ousted Sr. Belaunde in a coup towards the end of his liest term of office in October,

1968, President Relaunde, Gi,

leads the Accion Popular

a jandslide victory against 14

other candidates on May 18.

the nation, he premised to upheld the constitution and

to restore buman rights and

frectiom of the Press. Yes-

terday he returned seven

daily newspapers expropria-

ted in 1974 by the military Government to their original

owners. Legislation will also

return two television stations

Peru's new President has

taken over a country still in the grip of an economic erisis. Sr. Belaunde said

Peru's high inflation, which

he estimated would reach 70

per cent this year, was the

result of uncontrolled over-

spending by the previous

Although his speech gave a broad outline of his Gov-

ernment's plans, he dld not

announce detailed economic

These are to be announced

next month by Dr. Manuel

Ulloa, the new Prime Minis-

ter and Minister of Economy

however, that the copper, zinc and from mining industry will

be the key to Perc's economic

recovery, generating foreign exchange to pay off the coun-

try's " excessive foreign debt."

now standing at nearly \$8bn.

He said State companies

which are operating efficiently will continue to be operated

by the Government, if Con-

medium-size and small scale

mining (which is mainly in

private hands) would be pro-

nd Commerce. President Belaunde sald.

to private ownership.

In a 60-minute message to

and was re-elected in

organisations.

irees

Press

the association at \$12.46bn cent of the market. (£5.26m), including spare parts, a sharp rise of 31.7 per cent be an expanding market for compared with a year earlier.

The Middle East continues to be an expanding market for Japanese manufacturers who justed their exports there up the sharp rise in exports is likely to intensify calls for 60.8 per cent in the six month partial with Sandi Arabia. Japan's major trading partners. In the first half of 1980. exports to the U.S. market jumped 32,2 per cent compared with a year earlier, to 1.25m Exports to the EEC went up 24.6 per cent, including a 43.3 per cent rise to West Germany and 14.6 per cent to Britain.

to a record 2.93m vehicles, the U.S. market stood at 21.9 per 1980, up from 76.1 per cent the Japan Automobile Manufactor which—though this was previous year. AP-DJ reports turers' Association announced high compared to the 7.5 per from Canberra, yesterday, the six month market taken by Function and Potential The world could have

The proportion of sales in cont while in Britain. Japanese These exports were valued by manufacturers took 12.9 per

> rp rise in exports is pushed their exports there up Union, Poland and Chino.
>
> intensify calls for 60.8 per cent in the six month Mr. Okuma added: "In the reductions among period, with Saudi Arama U.S. Japanese imports are peraccounting for a large number of the 284,700 vehicles shipped to the region. In London, unofficial figures

showed that in July, Japanese car manufacturers outstripped the national maker, British Leyland with 18 per cent of sales compared with Leyland's On a monthly basis the rise in 17 per cent. Datsun alone was exports was less dramatic, said to have taken 12 per cent June's 514,900 vehicles were of the British market, only 3 per cent more than in Reuter

only 3 per cent more than in Reuter strength to May, though almost 35 per cent a Japan's share of the fully-existence."

TOKYO — Japanese motor above the 1979 June figure. assembled imported car market vehicle exports soared by 37.9 The association said that in in Australia climbed to 84.4 per per cent in the first half of 1980 June the Japanese share of the cent in the year ending June

Exports in the six month market taken by European cars Detroit: The world could have period represented more than —was below May's record of a glut of small cars within five years, Mr. Masataka Okuma, vice-president of Nissan, told also rose to a record level of West Germany was 15.5 per the World Congress on the motor industry in Detroit. He said there would be increased production from traditional motor manufacturers, but also from Brazil, Mexico, Korea and Taiwan, as well as the Soviet

> ceived as a threat but to Japanese car-makers what is frightening is the tremendous scale of resources U.S. manufacturers have at their disposal. In the next five years the American big three will in-vest \$80bn (£33bn) to develop small cars. This investment will be a heavy financial burden for U.S. makers but it will arm them with sufficient competitive threaten our

# Davignon in Washington talks

WASHINGTON — Viscount discuss steel issues with repre- Italy, the Netherlands, Belgium Etienne Davignon, the Euro sentative Charles Vanik, chair- and Luxembourg. Teams of expean Community's Commissioner for Industrial Affairs, will be in Washington today to discuss steel, cars and other international trade issues with Carter administration officials.

U.S. international trade negotiator Reubin Askow will meet Davgnon and Community aides today to discuss trade problems. "Obviously, this will include steel." a U.S. official said.

man of the House Ways and Means International Trade Subcommittee. Both would like to see the Carter administration to resume the trigger-price system for steel imports.

OU.S. fact-finding missions part of a major U.S. steel import nquiry are due to complete these projects by August 14.

The U.S. Commerce Departsteel." a U.S. official said.

ment. investigating dumping until early September to clarify
During his Washington visit, charges by U.S. Steel against this.

Viscount Davignon also plans to West Germany, France, Britain, AP-DJ

perts have been sent to EEC countries to verify prices and costs of the European producers. Carter administration officials said it is still too early to pre-

dict whether the findings of these missions would provide checking on steel prices in seven loverage, to restore the "trigger-Western European countries as price" system for steel imports The EEC and Japan are both awaiting to see how the Carter administration resolves the steel import problem, but it may take

# Boost for Mexico-Brazil ties

BY DIANA SMITH IN BRASILIA

THE THREE-DAY State visit foreign crude for 80 per cent of bite into a market that depends pected to give a strong boost the two covers a wide range Mexican businessmen seem of possibilities that should, in a less inclined to investigate the to efforts by both countries to complement their industries ticularly active partners on the Brazilians hope that President and to increase exchanges of raw materials and manufac-

Brazilian and Mexican enter- already paying off, prises striving to overcome previous ignorance of one cern, Cofap of Sao Paulo, and sulphur.

another's industries and mineral managed to sell \$30m (£12.5m) Mexican and Brazilian officials the Brazilians, who depend on Brazilian businessmen hope to dence on the U.S.

to Brazil of President Jose their consumption—but the on the U.S. for 75 per cent of Lopez Portillo of Mexico is ex. budding relationship between its imports.

few years' time make them particularly active partners on the Latin American scene.

Brazilian market — but the In the same period, French exporters lifted theirs by only Latin American scene.

Lopez Portillo's visit will spur 19 per cent, losing ground in Two-way trade of \$500m in on the hundred or so Mexican 1979-compared with trade of business representatives accom-The visit began on July 28, only \$30m a decade ago-shows panying him. Substantial agree-It marks the end of a year of that energetic efforts to ments are in the offing for soles intensive negotiations between strengthen commercial ties are of Brazilian iron ore and bauxite, and purchases of Mexithis improvement in the UK One Brazilian industrial con- can copper concentrate, zinc

resources and to piupoint im- of seamless steel tubing to say both countries want to build portant deals. Oil. inevitably, Pemex (the Mexican state oil up their partnership to reduce looms large in the aspirations of company) last year, while trade and technological depen-

# DC-11 prepared for take off

BY MICHAEL DONNE, ASSIGSPACE CORRESPONDENT

Boeing 757 191. The properties when an order is won from one called the Advenced Technology of more major airlines. Medium Range (ATMI) trans- Another indication

approval to continue "advanced duction, it will be called the cagineering and technical DC-11.

Verification work" on the pro
Douglas is known to be close

MCDONNELL DOUGLAS has dollars (the exact amount is not taken a major step convent in the plan eventually to be detailed work on pilots. It is plan eventually to be detailed work on option.

We note that the plan eventually to be detailed work on option.

The new jet will be a short-to-archive the mitment—which will only come medium haul aircraft, seating months to 236m. Similarly, the plan archive the plan arch

Another indication that Douglas is close to formally The company, which is the committing the ATMR to properent of Doubles Aircraft, the duction is that it has renamed cirliner manuficturing sub-the project, calling it the has then Douglas DC-XX. When it goes into pro- shapes.

178 passengers in a twin-aisle cabin, in a 2-2-3 configuration. In addition to new jet engines (Pratt and Whitney JT-10Ds), there will be other technological advances in the use of new materials, and fuel-saving design

Douglas is also discussing the

TRADE WITH FRANCE

# Britain narrows gap despite strong sterling

THE RECENT polemics about tion of both the Franch live British mutton exports to animal and meet markets

This position might have been

in France's favour this year motor vehicles, where sales because of the difficulties of have gone up by shother 113 exporting against a strong pound. The figures show exactly the opposite. Whatever British exporters may have been because of the difficulties of have gone up by another 113 exporting against a strong per cent to 171m in the first pound. The figures show exactly the opposite. Whatever British exporters may have been saying about the damaging effects of having a strong europe of the 51 the hi Britains non effects of having a strong europe of imports from france during the four-month period. The

domestic market,

North Ses oil. as might beexpected, has played a signifi-cant part in this reversal. Exports in the four month period rose by 80 per cent to almost £131m, while imports in the same category went up by only 22 per cent to £67.2m. In effect, the oil "gap" in France's disfavour has shot up from £17.6m to £63.6m. Britain's fortuitous strength

in the oil sector, however, is only part of the story this year, During the first four months, non-oil exporters from the UK raised their sales by 31 per cent. overall value terms by an increase of £224m against a British advance of £245m. It is impossible to evaluate.

from the figures how much of performance comes from priceincreases following this year's whether British industry rapid inflation, as against an increase in volume sales or market share. But observers in France believe that UK companies have been putting additional efforts into exports this year because of the slump in their domestic market. Circumstantial evidence indicates that there has been a resiadvance in some sectors. The hard-pressed British

vehicle accessories industry, for

civil engineering sector companies staged a big improvement, pushing up sales by 57 per cent to £22m, while both the the rest of the world into reces-works trucks and handling sion. But while the climate be-equipment manufacturers comes more difficult for UK showed increases of more than 100 per cent, though on a much smaller base. Even Britain's regineering and bechaird DC-11.

possibility of international agriculture has been doing quite possed airling.

Douglas is known to be close collaboration on manufacture well: despite the row about form at least one of the aircraft, with European, steadily increasing its penetrawell: despite the row about lamb exports, the UK has been steadily increasing its penetra-

France have tended to obscure By contrast to the IX per-the fact that the French have formance. French experts to been making greater progress in Britain this year lave shown bilateral trade recently. During few sharp variations. Steal 1978 and 1979, France leapt sales are up, reflecting the ahead; by the end of last year, affects of the UK steel industry, the UK's trade deficit with its strike, and there have been neighbour over the Channel had some fluctuations in chandgais reached almost film, compared where large seasonal variations with £528m two years before are common. But the outstand-

are common. But the outstanding feature of the French expected to have slipped further exports has once again been

effects of having a strong currency, it is not so far undermining exports to France. In the first four months of the rear according to the UK mater industry as it has be statistics, they rose by about \$4 come the bulwark of the per cent—considerably more country's exports all over the than the rate of UK inflation—to reach almost £1.2bh.

North Sea oil is only and this year the deficit was amounted to £500m—half of the total imbalance with France to the UK have become especially important. Last year Britain's deficit on vehicle trade amounted to £500m—half of the total imbalance with France to tall imbalance with France to the UK have become especially important. Last year the deficit was \$151m at the ead of April.

Whether the Franch car manufacturers can continue to increase their exports in the scoond half of this year, when the British economy is expected to go into marked decline, is one of the outstanding questions. At the same time, there must also be questions whether British industry can maintain must also be questions whether British industry can maintain its export performance in

France after the summer holiday period, when the Franch economy is expected to hit an exceptionally sticky patch. According to French Government forecasts, this economic slow-down should lead to a sharp-deterioration in imports in the second half of the year. Indus-

trial production, which held up-surprisingly in the first half, is expected to go into reverse. This will probably reduce demand for win probably reduce demann for imported capital equipment and unfinished goods, the French economy is notoriously inclined to suck in materials of this kind during an expansionary phase. In addition, French companies are expected to fall back on their home markets as the world economy stagnates, thus substituting their own products for imports in France.

can maintain its performance after the summer holiday when the French economy is expected to hit an exceptionally sticky patch.

In some sectors, like oil, Britain should remain wellplaced, in others, like vehicle components, the fight for markets will become tougher as French industry itself follows exporters, the same will be true for French companies selling in Britain. Exports are a two-way business, and it is the response to the crisis by companies on both sides of the Channel which will determine the final balance.

party wins will go back to the international Monetary Fund.

Jamaica has not withdrawn-its

in sufficient

Mr. Michael Manley's Government is still managing to stave off the total collapse of the economy, writes Canute James in Kingston

# Jamaica struggles to survive in a world without the IMF

with the International Monetary which has had serious effects on entreprencurs. There has been reserves by \$500m, and one of the Caribbean island's economy. a proliferation of small roadside the actions Mr. Small will con-

worked in a Kingston furniture factory, earning J\$55 (£13) a juice, and imported rice, week. But the island's lack of Hope for Improvement foreign exchange forced Mr. quality of life for most of the Michael Manley's Government to curb imports, and the squeeze on imported timber cost Mr. Swaby his job.

### Garden work

He now subsists on gardening work two days a week in subur-ban Kingston. His common-law wife and their three children are supported by his relatives in Portland, on the north coast, who send food each week.

for Kingston seven years ago, seeking a better life. "I think I will go back to the country. At least I know I will not starve there," he said at the end of another day in which he failed

to find a job. Association says that, since January, 78 factories have closed, adding 5,250 to the total

Many others in Mr. Swaby's Hope for improvement in the

2.1m population hangs on what the island's Government can do to regenerate the economy with-More problems were created

for the already battered economy when Jamaica failed to obtain the \$32m loan it expected from the U.S. and Britain. Jamaica has been surviving on a handful of small loans and slightly higher than expected export earnings.

The loans have helped to collapse predicted since the

that the British Government been. The Jamaica Manufacturers' will not be honouring pledges closed, adding 5,250 to the total assistance which the Govern-Minister, says more than half this year, and tourism has of unemployed. Nearly a third ment was expecting. This, he has been obtained. His calculationally yielded \$70m since January.

MR. RALSON SWABY is one of the labour force of 900,000 said, will lead to further the losers in Jamaica's dispute are now out of work. Fund and commercial banks, position have become small now exceed foreign exchange Until recently, Mr. Swahy shacks offering a range of items template is further restrictions worked in a Kingston furniture like cigarettes, home-made fruit on imports.

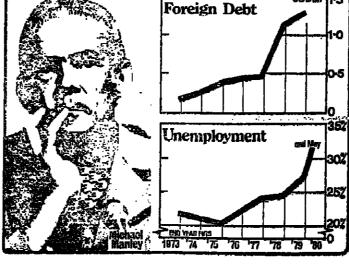
# Test case

Jamaica is being regarded as test case of a country seekout help from the International ing a way out of an economic quarmire without the Fund's assistance, and without loans from international banks, which have said they will not help until Jamaica goes back to the Fund and obtains its "seal of

The Administration earlier this year ended its talks with the Fund on a loan agreement. saying the conditions would lead Mr. Swaby himself left there stave off the total economic to social and economic chaos. A previous agreement for Government last obtained assis- \$400m in loans over three years tance from the Fund nine was aborted last December months ago.

When the foreign exchange it. The Venezuelans have, more-September. "After this, he to government revenue deficit was \$100m more than over, made a payment of says, "it will depend on the earn foreign exchange. Windster, said over the weekend the Fund said it should have \$10m under the facility. from Venezuela, in addi-Mr. Michael Manle

The island needs \$430m in assisted by earnings of just over If the Venezuelans do not made to Jamaica last year, and credits in the hsort term. Mr. \$100m from bauxite and the U.S. will not be offering Percival Patterson, the Foreign alumina during the first half of



tions included \$96m from Venezuela under an oil rebate says reserves now in hand will scheme. Congress has still not approved

A Central Bank spokesman economic stability until mid-10m under the facility. from from Venezuela, in addi- Mr. Michael Manley, the The economy has also been from to carnings from bauxite. Prime Minister, has said the seisted by carnings of just over If the Venezuelans do not economy needs total refinancing approve the rebate, then we will

the economy to siege conditions. Communication parks. Abore was, samaled has not withdrawn its membership.

That the limited foreign however, a subsequent agreemembership.

exchange in hand has lasted so ment allowing the island to "This means that Mr. Manley is keeping the door open," says tighter fiscal management and on 87.5 per cent of the debt, the Central Bank official. "The communication of principles than while interest payments on the communication. of an improving economy.

# Oil imports

The Government has managed to maintain interest payments on its \$1.3bn external banks and most of the rest to the fund—to buy oil, imports of which this year have been reduced to 16m barrels, 18 per cent less than last year.

The remainder is being used to import food, such as rice and flour, to ease shortages which were chronic earlier this year, and for raw material and machinery for the bigger fac-Venezuela's guarantee some element of tories, which employ large work forces, contribute significantly to government revenue and can

> of \$750m of its foreign debt to approve the repare, then we will of \$1500m of the following space for economic reconstruction to begin mic planners are claiming is Mr. Small failed earlier this mic planners are claiming is Mr. Small failed earlier this mic planners are claiming is Mr. Small failed earlier this mic planners are claiming is Mr. Small failed earlier this mic planners are claiming is Mr. Small failed earlier this mic planners are claiming is Mr. Small failed earlier this mic planners are claiming is Mr. Small failed earlier this mic planners are claiming is Mr. Small failed earlier this mic planners are claiming is Mr. Small failed earlier this mic planners are claiming is Mr. Small failed earlier this mic planners are claiming is Mr. Small failed earlier this mic planners are claiming is Mr. Small failed earlier this mic planners are claiming is Mr. Small failed earlier this mic planners are claiming is Mr. Small failed earlier this mic planners are claiming is Mr. Small failed earlier this mic planners are claiming is Mr. Small failed earlier this mic planners are claiming in the mic planners are claiming and mic planners are clai

more apparent than real. The year to obtain substantial Government has had to adopt rescheduling of the debt to the economy to siege conditions. commercial banks. There was, while interest payments on the total and principal repayments ing to give any help without an on the romaining 12.5 per cent are continuing.

Much hangs on the outcome only place where we can get of the general election, which quick cash it now appears may be held by quantities, and c the middle of October.

commercial banks are not willagreement with the Fund being in place. And the fund is the

quantities, and cheaply, to keep things going. We cannot live It is possible that whichever for ever on commercial loans."

# Foreign cars recalled

WASHINGTON - Four foreign car makers have announced the recall of a total of 152,287 cars for various defects, the U.S. National Highway Traffic Safety Administration reported yester-

Subaru has recalled 71,000 of its 1980 hard top hatch back saloons and estate cars because

Fiat has recalled 13,000 1970 X 1-9 models because of potential engine hesitation that can result from petrol evaporation in the carburetter. Volkswagen has recalled 2,287, 1980 Vanagon models because of a potential defect in a heater exhaust pipe. of a windscreen wheer prob-lem. BMW has called in 68,000 Motor Company has paid 1 The Safety Administration 1977-79 two-door 320 soloon cars 510,000 civil fine for selling to correct a defect in an pick-up trucks with fuel tanks that did not comply with U.S.

مكنامن الأجل

عكذامن الأجل



Sir Michael obviously knows a good idea when he sees one.

BY RAYMOND HUGHES, LAW COURTS CORRESPONDEN

two members of Lloyd's not to give evidence on behalf of underwriter and breker Mr. Christopher Moran, who faces disciplinary proceedings, a QC suggested in the Court of Appeal resterday.

Two underwriters. Mr. Albert Archer and Mr. Ian Posgata. had said they would give endence of bias against Mr. Moran on the part of former Mords chalman Mr. Paul Diny, a member of a Mard's ermmittee our recepting com-eleints ereine In Roran, Ent to the point to an affidavit, imman, QC. "The effect indicates that members of the are not very willing to the forward and rive entire the against the official view." The Listman went

He was continuing Mr. Morro's appeal against a High Court judge's refusal to grant omporary order stopping going cheed with proceedings " frat Mir. Mireca.

The judge held that there us a "trickle issue" on Mr. "I win's allegation that bir. Tiver had been blased against tim, but said that on the balance of convenience, it was not a casa where an injunction should be granted. Lloyd's is cross-appealing against the finding on bias.

Mr. Littman said that, according to Mr. Moran. Mr. Archer line, and back again at the equipment and data had first told him that he would receiving end. Racal claims to as well as modems. ing to Mr. Moran, Mr. Archer

swear an affidavit, then that he embarrassment to Lloyd's. ould not go through with it. Mr. Peter Scott, QC, for Mr. Littman read notes made Lloyd's, said that Mr. Dixey could not go through with it.

Mr. Posgate had stated in Archer and Mr. Posgate, were

in preparation for an affidavit denied any bias or animosity by Mr. Archer, in which he had against Mr. Moran. The statements which, accordstated that Mr. Dixey had let him know that he (Dixey) had ing to Mr. Moran, had been an intense dislike of Mr. Moran. made by Mr. Dixey to Mr.

notes for his affidavit that he extremely vague. Mr. Dixey believed it very likely that Mr. did not recall having discussed Dixey had very considerable Mr. Moran with either man. Mr. Scott said that Mr. Moran But Mr. Posgate had subse- had appeared before the quently refused to swear an investigating committee without affidavit, said Mr. Littman, making any protest about Mr. According to Mr. Moran, Mr. Dixey's presence on the com-Posgate had said that he had mittee. That in itself was been told by Mr. Charles Gibbs. sufficient to debar Mr. Moran then the deputy chairman of from the court order he sought.

Lloyd's, that such an affidavit said Mr. Scott. The hearing continues today.

# Racal technology pact

And Subsidiaries

**CONTINENTAL BANK** 

John H. Perkins

231 South La Salle Street, Chicago, Illinois 60693, U.S.A.

mental Illinois Corporation, parent of Chicago's largest bank, Continental Bank, reported the highest earnings of any quarter

the before security transactions increased more than 43% to \$65,587,000 for the second quarter, compared with \$45,823,000

The gain brought six months' income before security transactions to \$113,269,000, up 21.8% over the \$92,970,000 reported

As the seventh largest bank holding company in the United States, Continental had assets that totaled \$41 billion at June 30, up

more than 25% from \$32.6 billion a year earlier. Continental Bank specialists in over 100 offices in 31 countries are committed to

\$ 3,609.1

be a considerable

bias against Mr. Moran.

communications equipment with American Telephone and Teleth Company and its research and manufacturing subversies. The agreement ends a protracted lawsuit initiated against Recal by Western Electric, AT and T's manufacturing arm. over alleged infringement of centre. prients for data modems.

These are devices which convert digital signals into analogue form, suitable for transmission over a telephone

ಾಣಕ್ಕೆ period in its history,

serving the financial needs of the business community.

Consolidated Statement Of Condition/June 30

in the first half of last year.

Chairman of the Board of Directors

(in millions, U.S. dollars)

Cash and due from depository institutions:

Cash and non-interest bearing deposits

Royal Ellysham

Assets

Roger E. Anderson

RACAL ELECTRONICS is to be the second largest manufacexchange technology on data turer of the devices in the world, with production exceeded only by AT and T.

Racal has agreed change licences on a royaltyreciprocal arrangement to exfree basis with AT and T. Western Electric, and AT and T's Bell Laboratories research

ing patents and those to be issued to any of the participants in the next five years. The covers multiplexing range equipment and data terminals

**CONTINENTAL ILLINOIS CORPORATION** 

1979

\$ 3,330,4

# N. Sea output may lag behind forecasts

BY RAY DAFTER, ENERGY EDITOR

RESERVE ESTIMATES of the more is a complex geological Heather oil field in the North structure. Occidental has already Sea have been downgraded in an exercise that has cast doubts on future UK production rates.

A new North Sea report, published by stockbrokers Wood, Mackenzie, shows that the Heather Field, operated by Union Oil, could contain only 90m barrels of recoverable reserves against 120m barrels estimated earlier this year. Last year the brokers, among the foremost North Sea oil analysts, were estimating Heather reserves to be nearer 150m

The Heather consortium -Union Getty Oil, Tenneco and Norwegian Oil DNO - and analysts accept that Heather is a complex geological structure. Wood, Mackenzie says that it is possible that ultimately the reserve figure could be boosted by development of small prospects close to the main Heather

Union Oil would not comment on the reserve estimates yesterday. But the operator's own uncertainties are reflected in the range of reserve figures presented in the Department of Energy's "Brown Book" of oil and gas statistics. These put Heather's reserves at S8m to 117m barrels,

Wood. Mackenzie says that in 1982 Heather's peak production rate will be nearer 30,000 barrels a day rather than the previously estimated 35,000 b/d. At the same time, it is estimated that Occidental's Piper Field will reach a peak output of no more than 90,000 b/d rather than the previously forecast the Brent Fiel 110,000 b/d. Like Heather, Clay-tish mainland.

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Refired: femierly Vico Chairman International Harvester Company

Chairman and Chiel Executive Officer

Senior Vice President and Member of the Corporate Office International Business Machines Corporation

Chairman of the Board and Chief Executive Officer DEKALB AgResearch, Inc.

Continental Illinois National Bank

reduced output from its Piper field, from 240,000 b/d to around 200,000 b/d to assess reservoir characteristics.

The brokers have analysed the production potential of each of the 16 fields expected to be on stream by the end of the year and concluded that the average 1980 production level could be 19 per cent lower than the forecast made 12 months ago.

Last summer it was thought that this year's average level of UK output would be 2.04m barrels a day—well in excess of domestic oil consumption levels. Now it is reckoned that the average will be no more than 1.66m b/d, slightly below the level for self-sufficiency. Output from 11 of the 16 commercial fields was expected to be lower than previously forecast because of development delays and reservoir problems.

#### Pipeline laid in record time

By Ray Dafter, Energy Editor A NEW pipelaying technique has enabled Chevron Petroleum (UK) to instal 10.5 miles of gas pipeline in the North Sea in three weeks, a record time.

The pipeline forms part of the Ninean Field development project costing an estimated £1.57bn, one of the biggest field operations in the North Sea. The pipe was laid between Ninian and the gas-gathering system which links fields around the Brent Field with the Scot-

# Reviving the inner city by removing the red tape

rmancial ....

Enterprise zones are to be established in seven derelict inner urban sites in Britain, Mrs. Thatcher announced during yesterday's censure debate in the Commons. They are Belfast, Lower Swansea Valley, Clydebank, parts of Newcastle and Gateshead, Speke, part of Greater Manchester, and the Isle of Bogs in London's docklands, reports Robin Panley.

Mrs. Thatcher said two more sites might be announced later. One will be in London, where the decision to create an enterprise zone in the Isle of Dogs will be bitterly resented. It is a victory for Mr. Nigel Broackes, charman designate of the docklands urban development corporation, who persuaded Mr. Michael Heseltine, Environment Secretary, to put a zone inside rather than outside the derelict docklands. This has been done at the expense of other strong candidates in London-notably Shoreditch, Wandsworth and Hammersmith. Deckiand now has an Urban Development Corporation as well as the enterprise zone within its area, while the rest of London has neither of these means of attracting aid-

East in 1977 gave Professor trial buildings Peter Hall an idea which captured the imagination of Sir dures Geoffrey Howe, the Chancellor, • exe and led him to ignore the advice industrial development certifi benefits of working in an of his civil servants and introduce the concept of enterprise zones in his last Budget.

Professor Hall, head geography at Reading University and a former chairman of the Fabian Society felt all the traditional ideas about revitalising decaying inner urban areas had been exhausted. inner mainly without result, and dramatic and imaginative proposals were needed to attract entrepreneurs to the blighted spots of Britain's cities.

Singapore, Rowloon, Hong Kong had found answers and Professor Hall wanted "freein Britain without customs or immigration controls and as much freedom to allow people to make money and

generate new jobs as possible.

Many of those ideas have since been dropped but Sir Geoffrey liked the basic idea and felt an experiment to try to rescue derelic areas was worth

The plans attracted both widespread support and criticism, but all the local authorities chosen vesterday were certainly delighted enthusiasm was a key requirement for shortlisting. "If you are not sold on the idea we will not force a zone on you," Heseltine told councils. None that had a chance voiced any criticism. Mr. Evan Lewis, leader of

Swansea City Council, said last night, its zone should add weight to the council's policies to revitalise the local economy and bring about a quick return on all the planning and preparation already undertaken by the council in the valley, which would be developed on the lines

of an industrial park.

Provost William Johnston of for EZs was inserted, Labour to set up in a small area of a Clydebank always insisted that members were scathing. the Singer site had the best claim in Scotland and probably tion environment spokesmen, areas of the same city.

Britain to an enterprise zone, said the scheme would provide. There is also the objection. Britain to an enterprise zone,
Over the past 20 years we

have lost 40.000 jobs here. Our unemployment is double the the expense of another. It national average and we desperately desperately need a new injection. An EZ is the ideal injection. An EZ is the ideal mercial undertakings rather solution—a real boost," he said. than manufacturing and indus-His successor, Provost Jim trial activity. It would also put McKendrick, said: "With this an intolerable strain on the blood transfusion Clydebank's infrastructure and the lives of fortunes are at last on the local people.

The idea of the zones, which areas would attract scrap metal will be not more than 500 acres dealers, warehouses, used car each, is to remove governmental and bureaucratic restraints from enterprise and to give ment which would be worse than the control of the c them as free a hand as possible. the derelict sites themselves." The experiment will run for 10 one Labour MPs said. years initially and the only costing put on it so far has been \$10m-an estimate of what the that controls, particularly plan-Government will have to pay ning controls, will not be local authorities to compensate relaxed enough to allow such

will benefit from examption from Development strictly enforced. And there be enough to bring industry Land Tax will be a catch-all planning and commerce to areas with

● 100 per cent capital allow-

VISIT to Asia and the Far ances for commercial and indus- Industry has given a qualified trial buildings welcome to the zones. Sir simplified planning proce Raymond Pennock CBI presi-

> exemption from the need for exemption from Industrial Training Board requirements

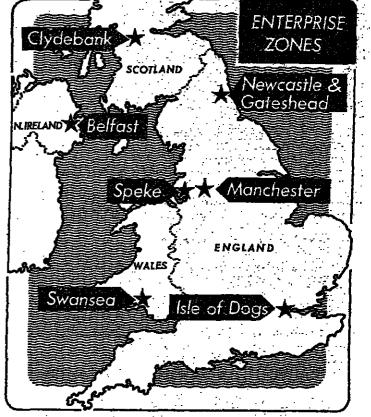
• faster customs facilities. The Labour Party has criticised the idea, although Labour councils were enthusiastic and control most authori-

ties awarded 20nes.

dent, hopes the zones will demonstrate to business the environment free of many the usual constraints. But he feets the experiment is radical enough to need careful moniing with surveys of progre every two years.

Many of the anxieties about

the zones have been drawn es awarded zones. together by the Town and During the committee stage Country Planning Association. of the Local Government Plan. Its main objection has been the ning and Land (No 2) Bill, into likely impact of zones on the which the enabling legislation local economy. The incentive



Mr. Roy Hattersley, Oppositive to set up in many other

no new jobs but would simply into one area at would attract the wrong type of business—warehousing and com-Other members feared the

But the Environment Depart-ment is determined to ensure for lost rates.

Companies within the zones seedy results. All the laws regarding chemical and other pollution, for example, will be exemption from all rates on proviso ensuring that no proindustrial and commercial posed development constitutes

The Confederation of British poor labour relations.

city may be a severe disincen-

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The Now Lands Social Company

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that areas on the periphery of affected and commerce and industry already near the boundaries will be unfairly

There is little doubt about the validity of this claim. But any specially designated area has to have a boundary and therefore somebody will inevitably be just outside it; the same was true of new towns and partnership areas and will be true of urban development corporations.

Many developers, while welcoming enterprise zones as a worthwhile experiment, have doubts about their success in persuading industry and commerce to come to decaying and depressed inner city and urban areas, writes Andrew Taylor. The main reservation how-ever, is that the fiscal and

other benefits offered by the zones will not in themselves poor transport systems, inadequate housing and shortages of skilled labour and a history of

# Bus workers to vote on overtime reduction

MORE THAN 600 drivers and redundancies the bus crews will have to do their bit. With the MORE THAN 600 drivers and conductors at the United Counties Bus Company in Northamptonshire will vote this week on a management proposal that they sacrifice four hours a week Brundle. The traffic manager. guaranteed overtime to help reduce the company's losses of fim a year. The company is also planning to make 150 staff redundant.

The management says that if its proposal is rejected, the company will run into more serious financial difficulties, and possibly go into liquidation.

"We just haven't any more together wit money left, and to save more for BL cars.

Last month the crews refused to sacrifice a guaranteed eight hours a week overtime, and the new proposal is a compromise.

O Mann Egerton, the motor distributors group, is closing its premises at Wisbech, Cambridgeshire, with the loss of 20 jobs. The company blames the general economic recession together with reduced demand

# Two-day week at Meriden motorcycle co-operative

THE 460 WORKERS at the Meriden motorcycle co-operative sterling and depreciation of the have been put on a two-day yen for the falling-away of week as they wait to learn if the Government will agree to waive nearly f12m of debt and allow a takeover of the co-operative by Armstrong Equipment of

Mr. Geoffrey Robinson, Labour MP for Coventry North-West, who acts as the co-operative's unpaid chief executive, said yesterday the co-op was building motorcycles to order on a week-to-week basis. "We have orders for about 50 this week."

He blamed the strength of meriden's business.

The last hope for Meriden's survival depends on whether the Departments of Trade and Industry decide to convince the Treasury that it is worth writing off Meriden's debts and allowing the Armstrong takeover, as being no worse than liquidating the co-operative and possibly losing just as much.

# Flintlock pistols sell for £9.500 A PAIR of flintlock presenta-

tion holster pistols, made around 1825, was bought by Holland and Holland for £9,500 at Sotheby's yesterday in an arms and armour sale which totalled £116,837. Another pair made in 1781, sold for £6,000 and an Italian pair of around

#### SALEROOM BY ANTONY THORNCROFT

1690 realised £5,000. - A .Prussian garde du corps parade helmet of about 1900 went for £1,150 and a uniform of an officer in the West Leicester shire Volunteer Infantry of the early 19th century sold for £950.

Sotheby's first silver sale in Chester totalled 584 845 with top prices of £6,600 for an exiensive Victorian costed Queens pattern tableway service of 235 pieces and £3,400 for a set of four George II table candlesticks by Eliza Godfrey. In the Landon book sale a first edition of Adam Smith's The Wealth of Nations sold for #3.100. In other sales Phillips disnosed of clocks and watches.

with a top price of £4,000 for a late 17th century walnut and marquetry longcase clock by Thomas Stubbs while Christie's Mr. Robinson said he hoped ful costumes auction with a top South Kensington had a successfor a Government decision by mrine of \$520 for a Chinese

Customers' liability on acceptances 2,065.5 Other assets 1.083.7 Total assets \$41,055,7 Liabilities Deposits: Domestic—Demand \$ 5,333.2 Savings 1.244.9 Other time 5.884.8 Deposits in foreign offices 13,590.2 Total deposits 26.053.1 Short-term borrowings 9,888.0 Acceptances outstanding 2,076.8 Accounts payable and other liabilities 1,060.1 Bonds, mortgages and similar debt 530.1 Total liabilities 39.608.1 Stockholders' Equity Preferred stock—without par value: Authorized: 10,000,000 shares, none issued Common stock—\$5 par value: Authorized: 80,000,000 shares both years

Interest bearing deposits 4,916.9 3,941.5 investment securities 2,810.1 1,953.7 Trading account securities 283.0 Cther short-term investments 1,067.0 521.9 24.807.9 20,293,6 Lease financing receivables 499.8 25,462.0 Total loans and lease receivables 20,796.4 Less: Unearned income 220.4 149.3 Reserve for credit losses 23C.2 196.2 Net loans and lease receivables 25,011.4 20.450.9 Properties and equipment 205.7 1.022.2 926.2 \$32,615.5 \$ 3,743.7 1,345.1 4,846.8 11,245.2 21,180.8 7.681.6 1,031.7 888.3 541.0 31,323,4 Issued and outstanding: 1980-39,249,725 shares 1979-39,190,385 shares 196.0 Capital surplus 508.9 Retained earnings 740.5 587.2 Total stockholders' equity 1,447.6 1,292,1 Total liabilities and stockholders' equity \$41,055.7 \$32,615.5

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presentation. But to convey a

blue should perhaps have been

In a few brief phrases, the

• More than £200m of the loss

is directly attributable to the three-month-long national steel

strike which, along with

general low demand, left the

corporation with the lowest output in its history in 1979-80.

UK steel demand continues

at a low level and is affected by import penetration in major

cies and plant closures now in

progress.

The report published yester-

day appears under the name of Sir Charles Villiers who re-

tired after four years as chair-man of BSC at the end of last

month. But, in case anyone

should believe that the worst is

now past for BSC, Mr. Ian MacGregor, the new chairman,

made a point of issuing a state-

ment of his own to accompany

his predecessor's report.
In this Mr. MacGregor warned that the continuing

bleak outlook for steel demand

—in Europe as a whole and par-

ticularly in Britain-demanded

competitive pricing. Expendi-

steel-using industries.

edged in black,

beset BSC:

Michael Donne reports on the Aviation Authority deficit

# Landing charges to rise

financial year. Sir Nigel Foulkes, chairman, presenting the authority's Sir Nigel held out no hope annual report for 1979-80 yes- of charges being reduced in the terday, revealed a net loss of £26.6m, nearly double that of

£14.9m in the previous year. The main reason for the in-creased deficit was a £12.6m loss on foreign exchange, com-pared with £2.6m in the preloss on foreign exchange, compared with £2.6m in the pre-pared with £2.6m in the pre-vious year. This arose because shall be obliged reluctantly to the authority is paid in dollars increase those charges this for en route pavigation ser- autumn. vices it provides for the European air traffic control organisation, Eurocontrol.

tions where the authority controlled its own charges—such as air traffic services at UK althority hoped it would be althority and in safety matters losses into a profit, but it never-

Authority will put up many of Government agreements (such its charges by between 20 and as en route navigation services 30 per cent this autumn, to for airliners overflying the UK). meet rising costs and a possible or for social reasons (the Scotfurther deficit in the current tish Highlands and Islands aerodromes), there was a net loss of £28.7m.

> current year, which he said was even tougher than the last. "Once again, inflation and pay awards have proved higher

> than we had forecast last year

The amounts would vary, but the authority would seek to get organisation, Eurocontrol. at least another £4.7m in Sir Nigel said that on opera-revenue to cover losses that it

and economic regulation—there theless expected heavy losses as small profit of £81,000.

On other operations where the authority cannot fully reoperation of the Scottish High-

Sir Nigel was also critical of some changes in the Civil Aviation Act, now passing us we shall do our best to tackle through Parliament, and them competently, but iI fear especially that which threw onto that these political problems the authority the burden of will find their way in the cod the authority the burden of

The Bill, he said, would make the authority responsible for process.' minimising the effects of aviation on the environment—for example in noise and the location of airports. "or any other cause" of environmental pollu-

"These are responsibilities which the authority views with The impact of aircraft and airports upon the environment and upon the public is always controversial, there are no solutions, only palliatives and the decisions in the end to be made for political

"The CAA is a specialised governmental body like ours responsibility perhaps,

and the environmental objector "If these tasks are laid upon them competently, but iI fear responsibility for aviation back to Government desks, while environmental matters. we shall have laboured in vain and made few friends in the

> Sir Nigel said the Bill had been described as giving the authority much more power, by abolishing the guidelines given to it by the Government.

> "This is not so. The Authority will still be bound by the objectives in the Act. Its policies will be developed in consultation with the industry it serves. It will have to state these policies explicitly and without the shield or encum-brance of a guidance document which can soon fall behind the

organisation, trained and "Airlines will still be able equipped to serve civil aviation. to appeal against its decisions It is hard to see how a non- to the Secretary of State. More

# **Exports of** scrap rise after curbs are lifted

By James McDonald

EXPORTS OF ferrous scrapwhich have been rising steadily since restrictions were lifted from the trade last September, totalled 1.401m tonnes in the first half of this year, worth about £80m. compared with 1,347m tonnes, worth about about £66m, exported during the whole of 1979.

UK scrap prices have followed the world pattern and have fallen about 28 per cent this

Figures published by the British Scrap Federation show the distortion caused in the first quarter by the British Steel Corporation strike and the return to a more normal pattern in the second quarter. But the April-June figures "are affected by the residual effects of the strike and the general recession," says the Federation.

With BSC returning to production, bought in home scrap consumption in steelmaking in the second quarter, at 1.475m tonnes, compared with 664,500 tonnes in the first quarter which was consumed almost entirely by the private steelmaking sector.

The first quarter's figures illustrate the private sector's almost complete reliance on scrap, compared with BSC's use of large amounts of hot metal as well as scrap in the furnace charge. Total scrap consumption in the first quarter-bought in and arising in own workswas 862,600 tonnes, and crude steel production was 784.900 tonnes. In the second quarter scrap consumption was 2.5m tonnes and steel production was

There has been a steady decline in scrap stocks held at steelworks as a result of their de-stocking policy.

THE ANNUAL REPORT which utmost rigour." yesterday announced the British Steel Corporation's £545m loss in 1979-80 appears under sober winter's strike has not reduced blue cover, compared with last BSC's resolve to pitch future year's more glossy, photographic pay offers at levels which the

severely-troubled industry can

Grim outlook for British Steel

after year of £545m loss

true impression of the problems confronting the industry the afford. But there is more. Since becoming chairman a month ago Mr. MacGregor—armed with a strong mandate to bring down the corporation's cash requiresection of the report reviewing ment from Sir Keith Joseph. the major features of the year manages to chronicle so many of the problems which

PERFORMANCE OF IRON AND STEELMAKING DIVISIONS,

	1 <b>979-80.</b>	
	Turnover	Loss
	aft	er inter
	(£m)	(£m)
Scottish	197	96
Scunthorpe	492	43
Sheffield	459	54
Teesside	405	137
Welsh	860	144
Tubes	435	34
TOTAL	2,787	508

This led to the decision in December to reduce liquid Industry Secretary-has been steelmaking capacity from 21.5m energetically reviewing BSC's to lam tonnes, with an enorentire operation. mous programme of redundan-

There is little doubt that when he reports to Sir Keith shortly, Mr. MacGregor will be proposing a further reduction in capacity and jobs, on top of the 52,000 redundancies the

current programme involves. Options about where the next axe might fall—like the sugges-tion that still further jobs in South Wales will go, in spite of the impact which steel and coal industry closures are already having on that region's economy and social structure-remain officially undecided. But Mr. MacGregor's statement makes no attempt to disguise the like-lihood of further cuts being

that operating costs be reduced He says his review of capacity will "relate it more accurture on raw materials and ately to the perceived demand energy was being reviewed for steel and the opportunities and "employment costs will ahead of the corporation. The

examination of further retrench-This is a clear warning to ment, stock reduction and econ-the steel unions that last omies in capital expenditure."

Last month, Sir Keith acknowledged that BSC will be unable to keep within its cash limit of £450m in the present financial year, and accepted that the Government might have to raise the corporation's funding by £400m or more. But this de-pends on Mr. MacGregor getting to grips with BSC's problems.

Yesterday's announcement of the £545m loss, after interest and taxation but before extraordinary items. compares with a £309m loss in 1978-79. In addition, extraordinary items associated with write-down of fixed assets, closures and redundancies in 1979-80

redundancies in 1979-80 amounted to £1.24bn.

BSC made no steel at all in the last quarter of 1979-80 because of the strike, ending the year with a total output of 14.1m tonnes. Steel deliveries amounted to 10.5m product tonnes, of which 2.5m tonnes were exported.

The report attributes the increased loss largely to the strike, pointing out that the rate of loss in the nine months before the dispute was comparable to that for the previous year. In this period BSC achieved benefits from a slightly higher rate of deliveries. manpower reduc-tions, introduction of new lowcost facilities and other economies. But these were offset by increased UK cost inflation which could not be recovered in selling prices owing to weak market con-

ditions and the strong pound.
On the settlement which ended the strike, the report says that about 50 local bonus schemes covering about 160,000 employees have been nego-tiated. Since the stoppage, there had been a good recovery in production areas and the re-establishment of a rapid and have to be controlled with the present review will involve an efficient service to markets.

# Airlines told to justify new fares

foel price increases or 101 out.

reasons, will have to justify Air Transport Association
specific rises before the UK Civil Geneva, to seek rises of up to
7 per cent in all fares and cargo Aviation Authority will approve them writes Michael Donne.
This was made clear in Lonydon yesterday by the Authority. which has ultimate responsi-

bility for setting the levels of all air fares to and from the UK. Although some airlines on the North Atlantic have decided to trim cheaper (Advanced Purchase and stand-by) rates this winter, they have also asked for permission to raise some of the dearer fares, such as first class, club class and economy rates, to meet rising costs. The position has been com-

BY OUR CONSUMER AFFAIRS CORRESPONDENT

ment covering landing charges and other fees operated by Bri-

Heathrow and Gatwick, is to be

challenged at law by the Office

ment would be taken to the

Restrictive Practices Court to

decide whether it was in the

of Fair Trading.

public interest.

A RESTRICTIVE trade agree- next year.

AIRLINES seeking to raise plicated by an agreement their fares, either because of among more than 60 airline

1, to meet rising fuel bills. This means that even those fares which the Atlantic airlines now want to cut may have to be raised again, unless they are prepared to lose money on

As things stand, the main two Atlantic airlines involved. British Airways and Trans World, are asking for a 13 per cent rise in the dearer fares, while keeping the Apex and stand-by rates down.

Airports to be taken to court

over restrictive trade agreement

The agreement was first placed on the register of res-

It was made between members

of the Aerodrome Owners Asso-

ciation, which includes members of the Joint Airports Committee

these organisations represent

The main restriction in the

most airport and owners in the UK.

perhaps more than

cover two separate fuel price The 13 per centinerease is intended to cover fuel price increases up to last April. which the airlines have not yet been able to recover because of Government delays.

The new 7 per cent rise covers fuel price rises incurred since April, and other rises expected by October 1.

The airlines say only bureaucratic procedures have pre-vented earlier fuel price rises If the IATA-agreed rises being compensated for

This includes landing fees, navi-

gation services, passenger load supplements, and aircraft hous-

Under the restrictive practices

legislation such a restrictive agreement can be operated as

long as it is registered unless

If the Restrictive Practices

Court decides the agreement must be ended, it could lead to

increased competition between

airports and possibly lower

charges for airlines using their

ing and parking charges.

the court rules otherwise.

means they will want rises of lines say it is not their fault up to 20 per centin someof the if the governmental bodies dearer Atlantic fares, which is involved are overtaken by a series of fuel price rises that Authority will accept. result in several fares increase.

The airlines claim the rises being asked for all at once. result in several fares increases

The Civil Aviation Authority is in a difficult position. At a time when it is planning further rises in its own charges to meet soaring bills, it will find it difficult to justify denying the airlines higher feres to meet their own higher costs.

At the same time, it is almost 4,190m tonnes. charged by the Government with trying to keep fares down and it will have to find a com-

You're a bright young company. Business is prowing steadily. In fact. you could do with larger premises but at the moment you haven't got the resources to get them.

Suddenly you get notice to quit What do you do?

About 18 months ago ATC Acoustic Engineers, mariniacioners of high powered professioner fold speaker drive initiaant completes studio monitoring systems, found:

themselves in this unenviable. position Suitable new premises had to be found. And gwickly: Efforts to get help from had bonds

banking sources met with Sympathetic ears far frait refuses. It won potential or no held back from A.C. importanted being from the profit of the control of the contro

and Commercial Hinance Corporation provided the necessary

London ölfers manyadvantages and opportunities to young companies.

# **Employers face shortage**

tain's major airports, including trictive practices in May 1976.

Mr. Gordon Borrie, director of Local Authorities, and mem-general of Fair Trading, yester-bers of the Joint Airports

day announced that the agree- Charges Committee. Together

The court is unlikely to hear agreement is a recommended

technics

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

EMPLOYERS are still having And if the recession continues difficulty in recruiting arts and there is likely to be a sharp fall social-studies graduates for jobs in computing, sales and finance, the Standing Conference of Em-ployers of Graduates reported yesterday at its annual meeting in Cambridge.

There are also shortages of with degrees in subjects such electrical mechanical and engineering, physical sciences, computing and mathematics, according to the SCOEG.

But while the great majority of employers are maintaining recruitment of graduates despite the recession, at least four companies have cancelled offers of jobs made earlier in the will also provide land for a new year, said SCOEG members. supermarket.

of numerate graduates there is likely to be a sharp fall in demand next year for people

without numerate

Higher educational institutions are being asked to make plans to help non-numerate graduates next Summer by pro-viding short courses to improve their mathematics.

leaving universities and poly-

Spode plans

Planning permission has been granted to the Royal Worcester Spode works at Stoke-on-Trent to rebuild its factory as part of a modernisation scheme which

Tesco coin

appeal to aid RNLI MORE THAN 500 Tesco stores throughout the UK are taking part in an appeal to encourage people to help the Royal National Lifeboat Institution by depositing their foreign coins in collecting boxes in the stores from Monday untl the end of

Se<u>p</u>tember. Thousands will be going abroad this summer and coming home with loose foreign change Individuals cannot exchange small amounts of currency but the RNLI is able to dispose of

the coins in bulk
Commander Ted Pritchard,
RNLI appeals secretary, says it is estimated that there is more than £20m worth of foreign coins throughout the UK. It needs £12m in 1980 to pay for its service which runs 200 lifeboat stations throughout the UK and Ireland.

Notice of Redemption

# Clark Equipment Overseas Finance Corporation

41/2% Guaranteed Debentures Due 1981

NOTICE IS HEREBY GIVEN that pursuant to the provisions of the Indenture dated as of March 1, 1966, as supplemented, under which the above-described Debentures are issued, Citibank, N.A. as successor Trustee has selected \$127,000 principal amount of such Debentures for redemption on September 1, 1980 (herein sometimes referred to as the Redemption Date) through the operation of the Sinking Fund at the redemption price of 100% of the principal amount thereof, together with accounted interest to said data as follows:

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- 668 739	926 962 1166 1315 1414 1416 1447 1451	1535 1697 1700	1882 1903 1914 1915 2368 2359	2920 3050 3756 3801 3803 3968	3971 4923 4924 5111 5156 5368	6126 6130 7052 7537 7585	7713 7781 8278 8279 9414 9610	9682 10381 10006 10608 10613 10684	11071 11303 11303 11417 11452 11453	11582 11596 11608 11618 11638 11639	11942 11935 12141 12144 12322 12535	12980 13021 13164 13225 13578	13818 13876 13878 13879 13867	14456 14457 14542 14575 14846 14647	14660 14753 14754 14798 14999 15000

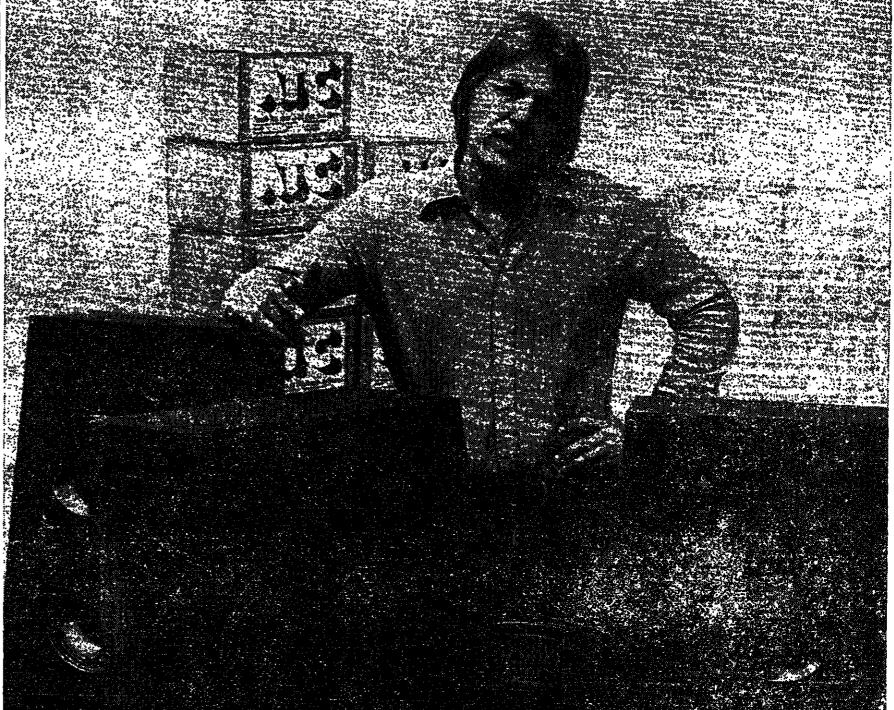
The Debentures specified above are to be redeemed for the Sinking Fund (a) at the Corporate Trust Department of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10015 or the Corporate Trust Department of European-American Bank & Trust Company, 10 Hanover Square, New York, New York 10005 or (b) subject to any laws or regulations pany, 10 Hanover Square, New York, New York 10005 or (b) subject to any laws or regulations pany, 10 Hanover Square, New York, New York in applicable thereto, at the principal offices of Morgan Guaranty Trust Company of New York in London and Paris and the principal offices of Amsterdam-Rotterdam Bank N.V. in Amsterdam, London and Paris and the principal offices of Amsterdam-Rotterdam Bank N.V. in Amsterdam, Societe Generale du Banque S.A. in Brussels, Deutsche Bank Aktiengesellschaft in Frankfurt, Banque Societe Generale du Luxembourg and Credit Industriel d'Alsace et de Lorraine in Luxem-Generale du Luxembourg in Luxembourg and Credit Industriel d'Alsace et de Lorraine in Luxem-Generale du Luxembourg in Luxembourg and Credit Industriel d'Alsace et de Lorraine in Luxem-Generale du Luxembourg in Luxembourg and Credit Industriel d'Alsace et de Lorraine in Luxembourg, the Company's Paying Agents, Payment at the offices referred to in (b) above will he made bourg, the Company's Paying Agents, Payment at the offices referred to in (b) above will he made bourg, the Company's Paying Agents, Payment at the offices referred to in (b) above will he made bourg, the Company's Paying Agents, Payment at the offices referred to in (c) above will he made bourg, the Company's Paying Agents, Payment at the offices referred to in (b) above will he made bourg, the Company's Paying Agents, Payment at the offices referred to in (c) at the Corporation of Amsterdam, Potter to a United States dollar account maintained by the payer with a bank in New York City or by a transfer to a United States dollar account maintained by the payer with a bank in New York City or by a transfer to The Debentures specified above are to be redeemed for the Sinking Fund (a) at the Corporate

The Debentures specified above should be presented and surrendered at the offices set forth in the preceding paragraph on the said date together with all interest coupons maturing subsequent to the preceding paragraph on the said date together with all interest coupons maturing subsequent to the preceding paragraph on the said date together with all interest coupons maturing subsequent to the preceding paragraph on the said date together 1, 1980 should be detached and presented for payment redemption Date. Coupons due September 1, 1980 should be detached and presented for payment in the usual manner.

July 30, 1930

CLARK EQUIPMENT OVERSEAS FINANCE CORPORATION

# WHEN YOUR BACKS ACAINS! THE WALL WELL WOVE THE WALL





Hans Freytag: Marketing Director ATC.

WE'LL HELP YOU MAKE MORE OF YOUR CAPITAL London Industrial Centre, Island Block, The County Hall, London SEI 7PB. Tel: 01-633 2424.

# Minister defends **UK** fuel charges

By Ray Dafter, Energy Correspondent

CLAIMS THAT British Gas Corporation charges penalising British industry have been reputted by the Government.

Mr. Norman Lamont, junior evidence to suggest that average industrial gas prices in the UK lished by the Commission. were higher than in any other European country.

He was responding to complaints from industrialists—the Chemical Industries Association in particular—that high gas prices were forcing UK companies to be less competitive Their continental counterparts.

Mr. Lamont said that the average price paid in the first by some 900 large industrial customers was 15.96p per therm. The average price for new and renewed contracts was 22p per therm—a long way short of the 26-33 pence a therm claimed for new and renewed contracts by the CIA.

But Mr. Lamont conceded that the present average price was distorted by one "very cheap and long-standing con-tract," agreed between British Gas and Imperial Chemical Industries. And he accepted that the average related to both firm and interruptible contracts, whereas the CIA has been complaining particularly about rates

charged for firm supplies.
"In general, there is no firm evidence that average industrial gas prices are higher here than in any other European countries," he said. Even if some British companies were for the moment paying more, their competitiveness should not be unduly impaired.

calculations best suggest that in British industry gas for fuel use typically accounts for only a few per cent or less of the company's total costs," said Mr. Lamont. If that is right, even if the differential as against foreign competition were as much as 50 per cent-and I do not believe that to be the case—that would in general add well under one per cent to the selling priceof the product."

EEC figures showed that Britain was not out of line. The average price paid by large in-dustrial consumers was less than the French, Italian, Dutch and Belgian tariffs. The same figures showed that in January companies companies in Dusseldorf, coal from external mancing Frankfurt and Stuttgart were limits—the amount nationalised Dusseldorf, paying more than they would in Britain for renegoniated contracts.

The CIA last night stuck by its claims that UK companies were paying more for gas than Continental ones, and it said that Department of Energy officials now admitted this to

# Government to review gas appliance monopoly

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

give priority consideration to ance marketing. ways of ending the British Gas Mrs. Sally Oppenheim, Minis-Corporation's monopoly of gas ter for Consumer Affairs, yester-appliance retailing in the UK. day welcomed the report, which Its options include selling off to she said would be "swiftly exprivate enterprise all 938 gas amined with a view to taking showrooms currently operated appropriate action following full by British Gas.

The Government's review folreport of British Gas's appliance told oil analysts in London that two and a half years to prepare, in general there was no firm is one of the most stronglyworded documents ever pub-

> The Commission recommends either of two options as a means of ending British Gas's retail monopoly. The main option is for the hiving off of the showrooms to private sector retailers. The Commission suggests that this could be achieved over a three-year period, during which time British Gas's retailing activities would be run down.

> At the same time, the report suggests, "the resources of the retailing industry would be brought into play to develop, in co-operation with the manufacturers, a stocking and distribution system for appliances and spares alike.

The second option is for a modification of British Gas's accounting procedures to restrict the use of its monopoly powers in appliance marketing, and to lessen its ability to subsidise appliance sales from its the gas appliance industry."

a separate trading organisation dent outlets supplying gas along the lines of the present appliances, and thereby to

THE NATIONAL Coal Board and

the Central Electricity Generat-

ing Board are likely to make a

joint appeal to the Government this autumn for greater finan-

cial flexibility for their growing

Because of the recession,

electricity demand is falling, which means the CEGB is burn-

ing less coal although NCB pro-

duction is rising. The rise of

stocks could hit finances hard,

adding to the external borrow-

ing needs of either the CEGB

The two industries are likely

to ask the Government to

remove money spent on stocking

industries are allowed to borrow in a year. They could be joined

on the movement of coal for

much of its freight business.

British Rail, which depends

Sir Derek Ezra, the NCB

chairman, said yesterday the

Board wants special arrange-

ments for financing coal stocks

which depend on the vagaries trains,

coal stocks.

or the Coal Board.

Changes sought for

coal stocks finance

THE GOVERNMENT intends to showrooms to carry out appli- suppress competition, to limit

Although the Government has lows yesterday's highly critical not yet made up its mind on the issue, it is understood to favour retailing from the Monopolies at the moment the more radical energy minister with respon- and Mergers Commission. The course of hiving off the gas sibility for the gas industry, report, which took more than showrooms. This would be in line with its current policy in other nationalised industries.

> British Gas said last night that it was studying the report in depth, and expected to hold detailed talks with the Government before any decision was reached. It also pointed out that in its evidence, the Corporation "consistently maintained that its retailing activities were in the public interest."

> The Commission was clear in its conclusion that the gas appliance retailing activities of British Gas was a monopoly which operated against the public interest. "We are left in no doubt that these monopoly situations have largely contri-buted to the manufacturers' lack of investment, inadequate commitment to technical or market research and development, and failure to promote exports," it

The Commission adds: "We consider that the Cornoration exercises excessive control over the conduct and performance of

It suggests that the effect of A third operation, rejected by this dominance "has been to the Commission, was to create limit the number of indepen-

of temperature and demand.

He thought the external

financing limits should not inter-

fere with the sensible movement

of stocks. To store coal at pits

and lift it later to power stations

Sir Derek was speaking at a ceremony in Hambleton, North

Yorkshire, which was also

attended by Mr. Glyn England,

the CEGB chairman, and Sir Peter Parker, the chairman of

British Rail, to mark the start

of work to divert the main east

coast railway away from the new

This diversion will be the

urst major contract for the con-

struction of a new main railway

It is needed because at pre-

the Selby coalfield, due to come

Subsidence from the coalfield

under the existing railway track

would have seriously slowed

line in Britain since 1896.

into production by 1983

involved

Selhy coal field.

wasteful double

consumer choice, and possibly increase the price of

The report also points out the aggressive tactics used by some of British Gas's retailing staff in the regions to limit competition. These tactics included price-cutting to drive a competitor out of the market, and undermining public confidence in the safety of private retailers.

The commission says that although British Gas has been less aggressive to independent retailers since the investigation was started. "we cannot ignore the possibility that the Corporation may be tempted to employ again some of the commercial tactics which we have criticised."

The Commission does not come to a firm recommendation about which of its two main options should be implemented by the Government, since it acknowledges that this must be a political decision. But minority reports by two of the Commission's members favour the less radical alternative of changing British Gas's accounting procedures to stimulate com-

Support for the less radical option also came last night from the Consumers' Association, which said that consumers did not like being subjected to such

experiments. The National Gas Consumers' Council criticised the report for paying too little attention to safety, energy conservation and the long term availability of

Domestic Gas Appliances, The Monopolies and Mergers Commission, HC 703, SO £4.

# Oil spills cleansing criticised

By William Hall, Shipping Correspondent

EUROPEAN GOVERNMENTS are not well prepared to combat massive oil pollution despite lessons from major disasters like the loss of the Amoco Cadiz, says a special report commissioned by the EEC.

The report, prepared by the International Tanker Owners' Pollution Federation, says that the same "basic problems" have been "repeatedly demonstrated" in clean-up operations at all recent large oil spilis in European waters, "the lessons of past spills have not been fully One of the key lessons is that

be enough when a large amount of oil is discharged near the

The report criticises governsent the line runs directly above ments for concentrating antipollution efforts on treatment at sea and generally neglecting protection of inshore waters, cleaning contaminated shore-lines and disposing of recovered oil and debris.

# CBI QUARTERLY SURVEY OF INDUSTRIAL TRENDS

# Manufacturers report widespread pessimism about business levels

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

about business prospects in 100 per cent of companies are manufacturing industry according to the Confederation of The volume of stocks of raw

industrial trends survey. The survey, published this increase the rate at which they lav off labour.

Price levels are proving to be an unprecedented constraint to is reported to have risen for the coming months.

slowed significantly, even though there has been only a small reduction in the rate in

increase in unit costs.

Investment intentions have also declined rapidly, following a levelling off shown in the last survey which was published in April.

In general, companies are predicting sharper falls in employment and fixed investment in the next four months than in any previous survey, and an attack on the stock levels of finished goods is also planned.

"A sharp decline in activity, accompanied by further reductions in margins, is likely to exert substantial pressure on the already weak liquidity posi-tion of manufacturing industry." the CBI says.

The survey was carried out among nearly 2,000 manufacturing companies between June 27 and July 16. Most replies will have been completed after the reduction in Miximum Lending Rate from 17 to 16 per cent was

announced on July 3.
Only 2 per cent of the participants said they were more optimistic than four months 250 about the general business situation in their industries. A further 26 per cent said there was no change, but 72 per cent were less optimistic. This balance of minus 70 per cent between those less and more optimistic points to a very sharp decline in business confidence, says the CBL

It is the worst since the three-day week of 1974 which, in turn, was the worst since the survey began in 1958.

Increased pessimism evident throughout industry although it is less marked in year, some areas, including ship. Th building and marine engineering and constructional steelwork. The recent trend for smaller businesses to be more optimistic than larger concerns has disppeared, and there is little difference according to sizes of

business. The balance of companies reporting a decrease rather than an increase in the volume of new orders has fallen from minus 26 per cent to minus 55 per cent in January. per cent.

Similarly the balance forecasting fewer orders in the next four months has fallen to minus 47 per cent, compared with minus 21 per cent in April and minus 24 per cent in

one industry — power and industrial electric goods — But only a small fall in demand is expected by the which has also reported only a small reduction in the past

three months.

For the fourth survey in succession textiles and metal manufacturers continue to forecast more extensive declines in demand. A total of 75 per cent of the

participants assess the volume of their order books as below normal. This implies a considerable weakening in demand. Order pooks are said to be normal by 20 per cent and above normal by only 4 per cent. Order hooks are weakest for

the metal manufacture broad industry group and strongest for food, drink and tobacco. For the fourth successive quarierly survey, there has been a reduction in capacity utilisation with 76 per cent of respondents reporting that they are working below a satisfactory

full rate of operation. Below capacity working has become increasingly widespread
—since last summer and the current 76 per cent figure is only slightly better than that recorded in the trough of the 1975 recession.

Activity has weakened in all industries although food, drink tion for full results 590 (CBI and tobacco companies remain members £40).

used by the advertiser.

A SHARP decline in the volume relatively busy. In metal manuof orders and output at home facture, however, below capacity and abroad has helped to cause working is almost entirely prea widespread loss of optimism dominant. In man-made fibres,

British Industry's quarterly materials and brought in supplies, and the volume of work in progress are both reported to morning, shows employment have declined over the past four levels will continue to decline months. But the balance expectinto autumn as companies ing further reductions over the next four months are at record levels.

The volume of finished stocks

exports. Overseas orders are the fifth consecutive quarterly expected to continue to fall in survey, although by only small balances of participants, despite The survey suggests the rate extensive efforts at destocking of increase of selling prices. At the same time there has especially for exports, has been a steady increase in the slowed significantly, even proportion of companies regarding their stocks of finished goods as adequate or more than adequate. This assessment is now made by 84 per cent of respondents, of whom nearly half answered "more than adequate."

Shortages of orders or sales are now quoted by 91 per cent of participants as a likely factor limiting output over the next four months. This com-pares with 25 per cent in April, which itself was the worst figure since CBI survey

Shortages of skilled labour is only mentioned as a constraint Volume of total new by 5 per cent of the respondents which is a record low figure. Even so in two or three indus-tries—including hosiery and knitwear and constructional steelwork-20 per cent or more companies have reported skilled labour shortages.

Investment intentions are weakening at a rapid rate with balance of minus 43 per cent participants expecting to authorise less rather than more capital expenditure on plant and machinery during the next 12 months. This compares with only minus 18 per cent in Japuary and April. The balance for investment on buildings has declined to minus 47 per cent, from minus 31 per cent in April and minus 30 per cent in January. This leads the CBI to forecast

that the volume of private manufacturing investment is likely to fall by slightly more than 5 per cent between 1979 and 1980, and then to drop by a figure "nearer to per cent" in the following

The survey suggests on employment that "very wide labour shedding has been taking place and that this process will contique unabated over the next four mouths." A balance of minus 50 per

cent of companies reports a reduction rather than an increase in the numbers employed over the past four months compared with minus 43 per cent in April and minus 31

Looking to the future, a similar trend is indicated with a balance of minus 58 per cent forecasting further reductions in the next four months. Over the past four months

average domestic selling prices have risen for 46 per cent of respondents, remained un-changed for 43 per cent, and follon for 11 per cent. The balance of plus 35 per cent recording a rise rather than a fall is the lowest since April 1973 and is much lower than the plus 57 per cent recorded

Equally the balance expecting increases in average domestic prices over the next four months is, at plus 33 per cent, considerably lower than the plus 56 per cent of April and is the lowest since January

Although these results "may represent encouraging signs for the rate of inflation," says the "the decline in price inflation has not been accom-panied by as rapid a decline in unit cost inflation." This means that there are "serious implications for profit margins," because of serious export trends.

Optimism about exports has declined more scriously than in any quarter since 1961 when it was first included in the survey. Some 19 per cent of respon-dents have reduced export prices while 34 per cent have raised them. The consequent balance of plus 15 per cent is the lowest since October 1968.

CBI Industrial Trends Survey No. 77. July 1980. CBI, Centre Point. London, WC1. SubscripTOTAL TRADE-All figures are percentages on a weighted sample Figures in parenthesis show the response to the survey carried out Number of respondents: 1,961.

Are you more or less optimistic than you were four months ago about the general business situation in your industry ..... (6) (47) (47) Do you expect to authorise more or less capital expenditure in the next 12 months than you aurthorised in the past

(28) (45) (13) 24 59 1 (b) Plant and Machinery

Is your present level of output below capacity (i.e. are you working below a satisfactory full rate of operation) 76 24 (70) (30) Excluding seasonal variations, do you consider that in volume terms: Above Below normal (a) Your present total order. book is ..... (7) (33)\_ (57) Less than adequate Adequate adequate

(b) Your present stocks of finished goods are ....... (32) (48) Excluding seasonal variations, what has been the trend over the past four mouths, and what are the expected trends for the next four months, with regard to: Expected trend over Trend over past

Up same Down N/A Up same Down N/A Numbers employed ..... 6 38 56 — 3 35 61 — (8) (41) (51) (—) (7) (45) (47) (—) 9 25 64 2 7 37 54 2 (17) (37) (43) (4) (14) (47) (35) (3) orders ..... of which: 8 28 62 2 7 40 52 (15) (39) (42) (4) (13) (50) (34) 10 42 48 — 6 46 47 Domestic orders Volume of output ...... (19) (48) (33) (—) (16) (54) (30) (—) Volume of domestic deliveries ..... 11 34 55 I 6 39 54 1 (18) (43) (37) (1) (17) (49) (32) (1) Stocks of: (a) Raw materials and brought in supplies 20 45 20 45 32 3 6 44 47 3 (16) (50) (33) (2) (10) (55) (33) (2) 19 44 29 8 5 42 44 8 (15) (51) (25) (9) (16) (54) (26) (9) 28 39 21 12 8 41 38 12 (26) (39) (21) (14) (13) (47) (25) (14) (b) Work in progress ... (c) Finished goods ...... Average costs per unit 73 24 2 — 67 28 4 — (77) (20) (1) (2) (75) (21) (3) (1) of output ..... Average prices at which:

Domestic orders are booked ..... 46 43 11 — 43 48 10 — (61) (34) (4) (1) (59) (37) (3) (—) Approximately how many months' production is accounted for by

your present order book or production schedule. Less than 1 1-3 4-6 7-9 10-12 13-18 than 18 N/A (4) (2) (4) (2)(13) (46) (13) What factors are likely to limit your output over the next four tigate tal interior includes

Materials Skilled Other Plant Credit or or com-Orders labour capacity finance ponents labour or sales -(7)-(5)

present fixed capacity:

over the next 12 months:

To increase

relation to expected demand over the next 12 months is you More than-Less than adequate Adequate adequate 31 (43) (52)What are the main reasons for any expected capital expenditure authorisations on buildings, plant or machinery

To expand For replacement (64)What factors are likely to limit (wholly or partly) your capital expenditure authorisations over the next twelve months:

including Inadequate net Shortage Inability Uncer-return on of to raise Cost tainty Uncer-managerial proposed internal external Investment finance finance finance demand cal staff (20)(3) . (19) (42) (4)

EXPORT TRADE—Companies completing these questions have direct exports exceeding £10,000 per annum. Number of respondents: Are you more or less optimistic about your export prospects for the next 12 months than you were four months ago

(12) (54) (33)Excluding seasonal variations, do you consider that in volume terms: Below Your present total

Excluding seasonal variations, what has been the trend over the past four months, and what are the expected trends for the next four months with regard to: Trend over past Expected trend over Up Same Down N/A Up Same Down N/A Volume of total new 9 41 49 1 5 53 40 2 (21) (44) (31) (4) (19) (54) (25) (3) export orders ..... deliveries ......

9 49 41 1 7 55 37 1 (24) (47) (27) (2) (21) (58) (19) (2) Average prices at which 

over the next four months: Quota and Political or Delivery import economic

(compared with over-Credit or licence conditions seas competitors finance restrictions abroad

# Traders given details of 'truth in lending'

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

TRADERS faced with imple this year. menting the Government's From that date most comtruth in lending" regulations panies and traders offering this autumn have been given credit or hire facilities must comprehensive details of the conform to the new regulations law by the Office of Fair or risk committing an offence.

Trading.

In a housilet aimed at traders, ensure that advertisements give the OFT spells out how the a fair and accurate idea of the regulations made under the type and cost of credit being Consumer Credit Act will apply offered. This will enable the to most credit and hire adver- consumer to compare the terms tisements, whatever the medium available from different companies.

Although the act became law The guide is available free in 1974, the regulations govern-ing "truth in lending" will not Buildings, Bromyard Avenue,

# **EUROBONDS**

The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times. It will be published on the following dates in the

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# The brightest spot in Cromer

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

CROMER has had a battering this summer. A combination of malevolent rain, biting northerlies, and dear petrol have kept away the holidaymakers on which so much of its prosperity depends.

Hoteliers put a bright smile on things and tell you there will

bemore people in next week. But without the holidaymakers and day trippers the town is going to feel a bit of a draught this winter.
As it is, Cromer and its neighbours such as Wells-next-the Sea, Blakeney, Fakenham and Hunstanton are pockets of depression amid the riches of East Anglia. The planners

describe them as "dark spots" to differentiate from the black spots around Sunder-land or on Clydeside. If you have just left school and cannot find a job it does not really matter what shade you

are painted. It was not always so difficult to find a job in Cromer. In Edwardian days the town had more than its fair share of millionaires, and royalty, in the shape of Edward VII,



would spend many a happy hour there. He would be put up in the Royal Links Hotel, on the links of the Cromer Golf Club, to which he later appended the prefix Royal. From his front door Ted Whaley

long since replaced by holiday chalets, and hack about could make a short putt on to the club's 14th green. Ted has nothing to do with the

club, though; he is the light-

house keeper and the light-house is on club land. Everyone knows what a light-house does: "It warns ship-ping of rocks or shoals," Ted says. It does this by sending out a beacon signal, flashing a light or sounding a foghorn. Except that Cromer has no foghorn. No one quite knows why—there are very few light-houses without a horn, but it is probable that Cromer's was taken away about the time Edward was paying his visits. Such a noise might have kept the royal party awake at night and so Cromer was silenced. Cromer is a land station, that

is a lighthouse on the main-land, as opposed to the Eddystone, for instance, out at sea. The difference is in living and working conditions. There are three keepers on a rock station and they spend a month on duty; after that, they get a month off. If, for any reason, they cannot get off the rock then they lose part of their month's leave. It's considered to be part of the job, the rub of the green

so to speak. But that doesn't happen much nowadays. "When I joined Trinity House, 24 years ago." Ted says, "you could find yourself marooned on a rock in bad weather, heavy seas or fog. A crew on the Skerries off Holyhead once spent a whole month extra on the rock. It meant they had an uninterrupted spell of 12 weks there, which can be a

bit trying." The secret of life on a rock station is patience, according to Ted. "There's three of you and you have to live in a room 15 feet square. You have another room with three bunks, but that's it. You can quite easily get on each

other's nerves. I have a golden rule. Keep off politics, religion and trade union affairs. I've seen some terrible quarrels and they can



Rellef stores for lightships are loaded into a Trinity House

really sour things. table manners and snoring can also send a bloke off the deep

The other thing is to have a hooby that's quiet, I make model aircraft. That's fine, Carpentry wouldn't be any good at all. If you started banging with a hammer and one man was asleep and the chap on duty had a headache it's a recipe for disaster."

Being marooned on a rock station does not happen very often now because the lighthouses are almost entirely serviced by helicopters. Every lighthouse has its own heli-copter pad and only occasionally does thick fog prevent the relief getting through.

The coming of the helicopter is not the only change Ted Whaley has seen in the past 24 years. The oil lamps have been replaced by electricity, the explosive fog signals have gone, diesel-driven generators have appeared and there are air

the work has changed the

pattern of mashes. The lighthouse also sends out the letters CM (for Cromer) in morse every six minutes of the day by radio and the lighthouse keeper has to keep a continual log. This part of the Norfolk coast is a quiet one for shipping, mostly used by coastal vessels plying Hunstanton, King's Lynn or Yarmouth and Lowestoft. But the keeper on one of the

set sequence and no two have

the same pattern. Cromer

sends out five flashes every 71

seconds and then is silent for

74 seconds. A vessel's skipper

or navigating officer would

know where he was immediately by interpreting the

Goodwin lightvessels in the Dover strait is bang in the middle of a maritime M 1. Ted Whaley likes Cromer and would like to stay there. East Anglia is a lovely part of the world, even in this miscrable summer. There are much worse places to be, and much worse jobs to be in.

pattern of signals has not. Tomorrow; Lighthouses do not simply flash a Back to normal in Derby come into force until October 6 Acton, London W3 7BB

عكذا من الأجل

# ACCORDING TO THE LETTER OF THE LAW, ONLY ONE CAR IS AS RELIABLE AS A ROVER.



The Chief Constable of West Yorkshire

London W1H OHQ.

P.O. BOX 9, WAKEFIELD, WEST YORKSHIRE, WF1 3QP

15th July, 1980.

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To: Sir Michael Edwardes, Chairman, BL Cars Ltd.,

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Every good wish for your success in the future.

Yours Sincerely bre

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Heseltine under

attack on impact

of housing cuts

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

# No confidence debate separates the 'wets' from the 'dries'

WELL OVER HALF the MPs in a packed House of Commons left the Chamber yesterday as soon as the blg openstonily into the distance. ing speeches of Mr. Callaghan

and Mrs. Thatcher were out of the way. Cheering Tories waving order papers had applauded the Prime Minister's gutsy declaration that as far as she was concerned, there would

no U-turns. To be more exact, just over half of the Conservative backbenchers rose to give her a standing ovation.

In a fascinating exercise separating the "wets" from the "dries," the rest of them remained in their seats making polite noises.

A few feet from Mrs. Thatcher sat Mr. Ted Heath, the former Conservative Prime Minister, staring

Those who did remain in the Chamber were soon rewarded. Within half an hour the debate had sprung into life again with noisy scenes and interruptions.

Standing with icy calm in the eye of the storm was Mr. Powell (Ulster Unionist South Down) former Tory Cabinet Minister and a leading monetarist. It was his relentless analysis of Mr. Callaghan's speech which had Labour MPs hopping with

Opening the debate, Mr.

Callaghan had called for a reduction in interest rates even though this would lead to "some lies" in the money supply. An expansion of expenditure was perfectly consistent with a

responsible monetary policy

and lower interest rates, the

Opposition leader insisted. At this stage, Mr. John Biffen, Chief Secretary to the Treasury and one of the main architects of the Government's policy, could be seen on the Government benches rocking contemptuously with suppressed laughter. "A

good man fallen among wets," was how Mr. Callaghan described Mr. Biffen. Musing on Mr. Callaghan's

speech, Mr. Powell declared that the Opposition leader new as well as anyone else the consequences of reducing interest rates and increasing public expenditure.

" All you will have done if you do what the Opposition is asking for is to have increased unemployment. misery increased increased disruption in the future." he declared.

Throughout Mr. Powell's speech, Mr. Norman Atkinson (Lab., Tottenham) a Tribune group veteran, spluttered with indignant rage and demanded to know how Mr. Powell squared this philosophy with the high level of

Government expenditure in Northern Ireland.

"Utter drivel . . . absolute nonsense . . . economic illiteracy," were some of the choice phrases which he threw at Mr. Powell, who sits near him on the Opposition side of the House.

But Mr. Powell's speech drew neds of approval from Sir Geoffrey Howe, the Chancellor of the Exchequer, and other Tories. They seemed to think that Maggie could not have said it better herself.

Interestingly enough, Mr. Powell's remarks also drew out some of the Tories who are critical of the GovernMr. Geoffrey Rippon (Hex-ham) a Minister in the Heath

At least one member of the House still had doubts about the firmness of the Government's intentions. Mr. David Steel, the Liberal Leader, suggested that although Mrs. Thatcher's announcements on INMOS and the enterprise zones was not a U-turn, at least it might be a "-wriggle" leading to a change of direc-

acceleration leading to hyper-

applied

Government, intervened to point out that increased interest rates over the past year had put £900m on the public sector borrowing requirement -money which could have been put to a better purpose.

AN ALL-PARTY Commons for the period under review. By committee yesterday unanimously criticised Mr. Michael ture accounted for by housing Heseltine, Secretary for the Environment, for his refusal to 4 per cent compared to over 16 spell out the likely impact of per cent ten years before. Heseltine, Secretary for the Environment, for his refusal to spell out the likely impact of spending cuts on the housing programme, The committee forecast that council house building was set to return to the levels of the 1920s.

In a report on the implications for housing policy of the Government's expenditure plans up until 1983-84, the environment committee said it was now unlikely that public, sector housing starts in England would—even with large, real increases in rents—exceed 31,000 by 1983-84 and could be as low as 26,500.

BY MICHAEL CASSELL

In 1979-80 starts were 66,400. Public sector housing subsidies could be reduced by two-thirds or more.

The committee which also suggested that public sector completions could fall as low as 32,000 in 1983-84 against just over 89,000 in 1979-80, forecast vigorously that there could be a cumulative shortfall of nearly 500,000public and private sector homes in Great Britain by the middle wealth creating sector and too heavily on the very firms to which the Government was of the current decade.

It referred to the 1977 Green looking to provide growth and jobs for the future.

Mrs. Thatcher said the understood and shared these anxieties

Area on housing trends, which the still broadly accepted, and pointed out that by the end of 1980 the

anxieties out that by the end of 1980 the number of new council homes view that bearing in mind the many problems we face, the pace of change is as fast as circumstances will allow."

The Prime Minister also accepted that the strength of the pound was making life difficult for some of Britain's built up until 1981 against the 290,000-310,000 average sug. 290,000 310,000 average sug-gested in the Green Paper. The committee said it had invited Mr. Heseltine to give more information on the effects

But the committee had to report that Mr. Hessition had confined any elsboration on the overall expenditure figures to suggestions that they were could afford for impaint. The based on what the country only other information he had imparted was that an increase in real levels of rents could be expected.

in real cross of trans country expected.

It rejected Mr Heseline's claims that predictions of public expenditure on holding areas, proved wrong and were open to misinterpretation. It suggested that these reasons did not justify his refusal to indicate the likely consequences of his decisions.

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accept discipl

justity his recess to montage the likely consequences of his decisions.

The consistive west on to criticise the Minister for making suggestions. When giving evilance, that a reduction in public expenditure by housing would be offset by higher private sector activity but for failing to provide a riew on the extent of that contribution. It did not accept his sweeping dismissal by the insectioness of private sector housing forecasts.

In its report, the committee said it reported having to divert its limited staffing resources to provide indications of how housing activity might be affected by the spending plans—particularly in view of assurances given by the Leader of the House that Ministers would make every affort to ensure that the fullest possible information is made available to select committees." The committee urged Mr.
Heseltine to prepare and
publish urgently an updated
review of projected housing
demand and need in relation to of the 48 per cent reduction in supply. It recommended that the housing budget over the next four financial years.

It pointed out that housing expenditure should be reconsidered in subsequent cuts of £2.58bn were planned years in the light of experience.

# There are no U-turns available—Thatcher

BY IVOR OWEN

pledged that the rising level of ing about U-turns—there aren't to follow.
any available." to follow.
Mrs. Thatcher argued that any available."

her speech, Mrs. Thatcher main-change. "We are prepared to help tained that the change of course advocated by Mr. James

leader's call for controlled unemployment in the future." reflation, with an immediate bring down

The Prime Minister meintained it was vital to keep strict conthat a reduction of inflation, trol over Government spending combined with pay rises within and borrowing. the seven to 11 per cent range
of the Government's monetary

The rise in unemployment,
she said, was inevitable targets, would lay the basis for because of the world recession growth and the prospect of more and excessive pay settlements.

approval for a further £25m invital need will be to be comvestment in INMOS, the NEB's petitive. When trade revives,

damaging British industry.

backs of 2.5m unemployed.

He warned: "The Govern-

ment must not aftempt to some

the nation's problems on the

to the Government's strategy

which was spreading mass un-

employment, undermining industry and demoralising the

The Prime Minister would sot

Mr. Callaghan said there were

the Government, regions.

re gravely

alternative and better policies and more redundancies.

IN A robust defence of the microchip subsidiary, provided Government's counter-inflation the production plant is located policy in the Commons last in South Wales, won another night, the Prime Minister approving cheer from Tory MPs. unemployment will not be allowed to force panic changes.
So, too, did her confirmation that the Government will soon give the "go ahead" for an initial seven enterprise zones in the doubters on her own backbenches "it is a reas of urban decay, with the So, too, did her confirmation benches, "it is no good dream- likelihood of one or two more

With a determination and these developments showed that e which brought many Tory the Government accepted that fire which brought many Tory the Government accepted that backbenchers to their feet it had a duty to mitigate the roaring approval at the end of economic and social effects of

the transition to higher produc-Callaghan when he launched tivity and to more jobs," she the Opposition's "no confisaid. "What we are not predence" motion would be a pared to do is to buy a few fundamental mistake. extra jobs now, at the expense She dismissed the Labour of higher inflation and higher

The Prime Minister was reduction in interest rates and adamant that the Government Government intervention to would "adhere firmly" to its the sterling monetary strategy and highexchange rate, as a recipe for lighted the fact that the rate unleashing another uncon-trolled surge in the money Interest rates, though still supply leading to hyper- too high, had begun to come down. To reduce them further,

stressed: Her announcement of Cabinet "When the recession ends, the

accused the Thatcher Administration of following economic Tory Government, 600,000 more Mr. Callaghan said.

were out of a

interest rates were 4 per cent

higher, inflation had doubled to

put was 8 per cent lower, and

there were more bankruptcies

unemployed asked the Prime

Callaghan said to Labour cheers.

Chancellor Sir Geoffrey Howe he said.

And when any of the extra



Thatcher: Robustly defended Government's counterinflation policy

we must be ready and able to increase our share of the

and growth. Instead of using the the revenue from North Sea Oil to suck in imports and impoverish British industries, the Government intended to use this great asset to rebuild the home industrial base and to provide a better standard of life for everyone.

The Prime Minister declared: earned.
"To adopt our policies is to "And

The Government was deluding

would be willing or able to lower productivity.

itself in thinking its only

modernise itself during the

than today and not stronger,

three years

" If the Government continues

glad he has discovered it. It is were in difficulties and laying

Thatcher:

There are better alternatives—Callaghan

responsibility was

MR. JAMES CALLAGHAN, be able to "quieten the concern, of the c

21 per cent, firms were cutting inflation down. There was no

expansion, manufacturing out- evidence that British industry

coming

undermining Minister how to find a job, she to dampen down demand, or 1982? Is there a ceiling when moralising the told them to move, Mr. industry will emerge weaker it will change its policies?"

be realistic and optimistic about in this direction." acceleratio our people, their ability, their As for the Government inflation." resolution and their future.

"Far from demoralising the country, we are doing what the borrowing more, Mrs. Thatcher pointed out that at a time when the demand for industrial and To a roar of Tory cheers she high, this could only have the promised: "And this Governeffect of driving up interest

Waving aside Labour jeers, the Prime Minister insisted that Tory MPs were just as concerned about the rising level of unemployment as their political

opponents on the Opposition "But we also beleieve that it is a cruel deception to pretend to the unemployed that it is within the capacity of politicians on their own to create employment which will last, or to avert indefinitely the disappear-

Mrs. Thatcher contended that the reflation advocated by Mr. jected the idea that the Govern-Callaghan could only mean that ment should give up the aim the Government would either have to tax more, borrow more

Then, she said, there could be a real prospect of prosperity and growth. Instead of using the when in Government that earnings were already too heavily

> Amid Tory cheers she emphasised: "It took a Conservative Government to make the real breakthrough in cutting direct for more adjustment.
> taxation and allowing people to
> She explained: "Accommodataxation and allowing people to

off workers because of the

Government's policies, said Mr.

"Industry is now in danger

of being sucked into a down-

leading to lower output and

Mr. Callaghan challenged Mrs. Thatcher: "Will the Govern-

ment sit there if unemployment

rises to 2m or 21m during 1981

The Prime Minister should

"The Government has a special responsibilty to give the

spell out what effect on employ-

ment other policies would have.

country guidance about what it

belives could be achieved given

certain policies," said Mr.

"Then the country would know what is in store and people would be able to say

whether they were prepared to

back the Government in accept-

ing such policies if it meant a

rise in unemployment to 21m or

maybe higher."
Mr. Callaghan said Labour

decision to go on reducing the

Government should be using

He urged the Government to

budgetary and monetary instruments to stimulate demand."

policy, fiscal policy, and in-

should be brought down quickly.

guirement

The Prime Minister acknowledged that some of the Gov-ernment's critics, while encommercial credit was still dorsing its general economic strategy, argued that it was not

ment will have the guts to see rates. This view reflected the fear "In our view, that would be that unless public spending was one of the most damaging things that could happen to the reduced faster, the effect of the monetary policies would bear too heavily on the private private sector and to jobs," she declared.

> The Prime Minister reaffirmed that the outlook for interest rates was crucially dependent on curbing public spending and borrowing, a cause to which the Government was already totally committed.

Interest rates would be brought down further, she said, ance of a job whose market has as soon as it was prudent to do so.

Mrs. Thatcher scornfully reof reducing inflation and simply adjust to the current rate.

had merely led to ever-rising inflation rates. Mrs. Thatcher said the Government was determined to establish credibility for sound financial management and to resist attempts to argue

keep more of the money they earned.

"And we hope to go further level, it inevitably means

But she believed that those like Mr. Callaghan who advocated Government intervention to bring down the exchange rate greatly overestimated the capacity of Ministers to influence or resist the markets. "Sterling has strengthened recently because we have North

Sea Oil and because investors overseas believe that our economic policies are right and

that they will succeed.
"I agree with them."
Mr. David Steel, the Liberal leader, scoffed at the Prime Minister's claim that the Government was implementing the policies on which it won the general election.

#### Accused

"I don't recall people voting Conservative in order to bring unemployment to up to 2m or he said.

Mr. Steel accused the Government of not giving the country an intelligent lead and complained that it was allowing British industry to sink or swim, without any of the help which other European Governments were giving to their industries. He maintained: "It is the job

of the Government to mitigate the effects of the world recession on the country." Mr. Steel saw deeper implica-tions in the decisions announced on INMOS and the creation of

nterprise zones than the Prime Milister was prepared to admit. If these decision don't represent a U-turn, let us hope they

represent a wiggle and perhaps the beginning of a turn in the direction of the Government,"

The Liberal leader again urged the Government to adopt comprehensive prices and incomes policy. He warned that the plan to impose a selective pay policy on the public sector would not work.

# BY ELINOR GOODMAN, LOBBY STAFF

Liberals' Housing

Bill move succeeds

THE GOVERNMENT yester-day accepted the principle of a Liberal amendment to the Housing Bill on Option morigages for the elderly: The amendment was successfully moved by Lord

Banks last week in a series of Government defeats on the Bill in the Lords. But Ministers look set to try and reinstate another clause to the Bill giving the elderly the right to buy their council homes which they also lost in the Lords.

Mr. John Stanley, the Minister for Housing, said yesterday that he had agreed to help elderly non-tax paying home owners by extending the option mortgage scheme.
An amendment will now be introduced to the Bill extending the scheme so as

to provide additional income to old people on low incomes. The cost of this change will apparently be met within existing public expenditure allocations.

The amendment is similar

to that moved by Lord Banks last week and supported by Peers on all sides of the House. It thus represents a

rare victory at Westminster for the Liberals. But, though the Govern-ment was soundly defeated in the Bill desiting with accommodation specifically built for the elderly, it seems unlikely go far to meet Opposition on this

As it now stands, it would nean that lotal authorities would not be obliged to seil elderly tenants accommoda-tion normally let to old age

The provision has some support among Conservative voters but Ministers seem to regard it as an unacceptable erosion of the automatic right fundamental to the Bill-for council tenants to buy

their homes.

No decision has yet been taken but yesterday, a similar amendment in the Lords on the Scottish Housing Bill was defeated.

This seem likely to have strengthened the Government's determination to reinstate the clause in the Housing Bill when it returns to the Commons

## DE BEERS CONSOLIDATED MINES LIMITED

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED

CONSOLIDATED GOLD FIELDS LIMITED

## Joint Announcement

As announced on 28th April, discussions in regard to Board representation have been taking place between De Beers Consolidated Mines Limited (De Beers), Anglo American Corporation of South Africa Limited (AAC) and Consolidated Gold Fields Limited (CGF).

Following these discussions, Mr. R. I. J. Agnew, Group Chief Executive and a Deputy Chairman of CGF. will be joining the Board of AAC, and Mr. J. Ogilvie Thompson, an Executive Director of AAC and a Director of De Beers, will be joining the Board of CGF. Both these appointments will be in a non-executive capacity and will take effect on 1st August, 1980. It is intended that, within the context of the discussions, a further appointment to the Board of CGF will be made in due course.

These appointments reflect the intention of De Beers, AAC and CGF to co-operate as independent companies when such co-operation is in the interests of their shareholders and does not infringe the competitive situation within the mining industry.



Callaghan: Problems must not be solved on the backs of the unemployed

Mr. Callaghan said North Sea Oil revenues should be used more directly to help industry. There was a need to get efficient companies and industries over the worst of the recession -and those measures should indid not accept the Government's clude direct job subsidies.

The Government must not public sector borrowing re- attempt to solve the nation's problems on the backs of 21m "It is our view, in the unemployed. Any improve-present situation, that the ment it buys it will get at too high a price," he warned.
Mr. Callaghan, to roars of

support from the Labour benches, said he had put forreturn to the combination of ward a package of measures to a balance between monctary stimulate the economy which would be taken "to the country comes" to prevent further un- on every occasion so public employment. Interest rates opinion in the end will force the Government to change their stauce or-better still-to go."

# **Incomes policy vital** to beat inflation

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT'S restric- approach was that it relied on tive monetary policies are likely a global threat to everybody in to be unsuccessful unless backed general and to nobody in par-up by an incomes policy, Pro-ticular. He likened the problem fessor James Tobin of Yale to the position when everyone University told a Commons was standing up in a theatre or committee yesterday.

leading U.S. Keynesians and sit down first. critic of a reliance solely on Civil Service Committee of the

tion-were unlikely to achieve economic outcome. any lasting success on the inflation front and involved paying a big price in terms of reduced investment in physical and human capital. Professor Tobin argued that

stadium and was asked to be Professor Tobin, one of the scated but why should anyone He believed incomes policy

monetary policy, was giving could have a role to play in evidence to the Treasury and reducing inflation in conjunction with policy objectives for Commons as part of its continu- money, national income and the ing inquiry into monetary policy. overall level of spending. He He said that the British described the money stock— Government's present policies— sterling M3, the UK target—as which he described as disinfla- a hybrid of no interest for the

The Professor described the Government's policy as the determined and resolute disinflation of monetary demand regardless of the transitional consequences in terms of lost outthe weakness of the present put and jobs.



# BANCO DI SANTO SPIRITO

Established 1605

# 1979 Balance Sheet

	e billions)	Liabilities (lire billions)
Cash and funds with Central Bank Securities and participations Bills on hand, advances, contango loans Sundry items Contra accounts	975.5 2,033.3 2,875.6 678.7 5,243.6	Capital, reserves and profit brought forward  Deposits  Reserves and provisions  Sundry items  Profit for the year  Concre accounts  52436
	11,806.7	11 one re-

The Shareholders' meeting, held in Rome on 30th April, 1980, under the Chairmanship of Mr. Vincenzo Firmi, the General Manager Mr. Mario Torchio also being present, has approved the balance sheet as at 31st December, 1979, which, after allocations to reserves of Live 77.8 billions.

Capital and reserves, following an increase of 2.5 billions in the ordinary reserve, are Lire 231.2.

In 1979 deposits increased to Lire 5,674.1 billions, of which Lire 4,113.7 billions are from clients (+ 19.5 per cent). Advances increased by 22.4 per cent to Lire 2,875.6 billions. Contingent. liabilities total Lire 446 billions (+35.5 per cent).

international activity expanded significantly, and turnover increased by 27 per cent.

In order to strengthen the bank's presence in the international markets, Banco di Santo Spirito (Luxembourg) S.A. was established which should be insuremental in offering Italian firms:

in order to extend the range of services offered to clients, a leasing company was also secup-In 1979 the branches at Bari, Teramo and Sabaudia commenced operations. A dividend of 40 Lire per share is payable from 2nd May.

هكذامن الأحيل

# Financial Times Wednesday July 30 1980 UK NEWS = LABOUR

# 'Stay open' call by journalists to **Observer owners**

BY PAULINE CLARK, LABOUR STAFF

out its threatened closure of the paper over a printworkers'

The National Union of Jour- the trouble threatening Britain's managers' dispute.

that they believed the owners might do to belp in this very "can and must" continue to publish the paper, and called on all parties to take no action which would lead to its closure.

They believed that "the best way forward" was for Atlantic Richfield to continue as owner of the Observer. The journalists are among

1,000 staff on the newspaper who have been warned by management that dismissal notices this week if no progress is made in talks with the National Graphical Association.

tary of the NGA, and represen-tatives of the Observer manage- 18 per cent pay offer.

BY NICK GARNETT, LABOUR STAFF

Engineering Workers said bonus yesterday that it would produce arose.

what in effect would be its own

station site in Kent.

THE ENGINEERING SECTION traditional

**AUEW** section has new

Isle of Grain proposals

over the Isle of Grain power and its own position.

Engineering

acceptable.

Workers' Union, site, could not be accepted.

The executive said that two

tion and the move of newly-

JOURNALISTS on the Observer ment, agreed to meet Mr. Len sent a direct appeal last night Murray, TUC general secretary, to the American owner during the morning to inform Atlantic Richfield, not to carry him of the latest developments. The talks, at the invitation of the TUC, appeared to yield little hope of an early resolution of

Chapel meeting was oldest Sunday newspaper, after TUC attempts Mr. Murray said after the earlier in the day to help find meeting: "It would not be helpa solution to the machine ful for me to speculate about namagers' dispute. whether a closure can be In a telex message to Atlantic avoided, but I shall be consider-Richfield the journalists said ing what, if anything, the TUC

difficult situation." Machine managers, who, as is common in Fleet Street, work as "casuals" on the Saturday-night-to-Sunday-morning production run rejected a proposed peace formula last weekend in spite a national NGA recommen-

dation to accept. The management has continued to stand firm against increasing its £100.13 offer for may be sent to all employees the shift in the face of a £108.03 claim by the machine managers. • The NUJ chapel of The Times Graphical Association. said last night that this year's ... Mr. Joe Wade, general secre- pay negotiations would go to arbitration after rejection of an

#### Corby men and Plaid Cymru in **BSC** protests

risen to more than 500,000 by

The Commission's projections

As a result of its projections,

to the Government for further

Temporary Employment Programmes (STEP).

The size of the application

the Commission's meeting in

September but some indications

were given yesterday by Com-mission officials.

Between £20m and £34m could

be needed to cater for the 30,000-50,000 likely to be using

YOP, based on an increase in

the inflation rate of 16 per cent.

tunities (YOP) and Spe

By Our Labour Staff TWENTY-SEVEN pipe fitters and maintenance workers from demonstrated outside British Steel Corporation head-quarters in London yesterday to protest against not receiving the severance pay being given to of the Amalgamated Union of laggers, over whose open-ended

Workers said bonus payments the dispute 5,500 Corby steel workers. The men will only receive statutory redundancy payments The Engineering Section is proposals for solving the sending a circular to its difficult inter-union dispute branches explaining the dispute and not share in the £31m that has been allocated for the closure of the main Corby steel The attempt by the TUC to

This would be in response to bring the inter-union dispute Several of the demonstrators the formula the TUC has under control was badly formally advised unions to damaged on Monday when the worked originally for Stewarts and Lloyds which became part accept, or face the prospect of executive of the AUEW Conof BSC after nationalisation in disciplinary procedures which struction Section decided that 1967. • Eleven members of Plaid could lead to their suspension the TUC proposals were un-

Cymru, the Welsh Nationalist Party rushed into the BSC headquarters vesterday to try to force an interview with Mr. Ian MacGregor, the BSC chairman. The group was unable to find Mr. MacGregor's office and

went on to the roof of the buildthe General and other jobs on the power station ing where they stayed for more January than an hour.

THE GOVERNMENT'S employ- it was to have anything more be needing help by then will ployed, can fund a maximum of ment agency, the Manpower than a token effect on projected probably have risen by more 12,000 places, though because of Services Commission, warned long-term unemployment levels. than 100,000. ment agency, the Manpower than a token effect on projected Services Commission, warned long-term unemployment levels. This could mean an application yesterday that youth unemployment could rise to more than of between £60m and £80m, tak-450,000 in 18 months' time and ing the overall package being applied for to something like that the numbers of the longterm unemployed could have £100m.

Commission officials are hopeful that the Government will respond sympathetically to any imply a total adult unemploy-ment level well in excess of the such request for extra funding for YOP. The Government, 2m already predicted by the MSC for the same time. though, is likely to be much less responsive to appeals for STEP. given the major cuts ordered by the Commission is almost certain to apply in the autumn Ministers in the programme this

The Commission's projections funding for its Youth Opporfor youth and long-term unemployment levels were disclosed vesterday by Mr. Geoffrey Holland, director of the MSC's special programmes division, when he introduced the Comwill not be determined until mission's second annual review of YOP and STEP, of the likely increase needed

Mr. Holland said that in comparison to a figure for January this year of 107,000 young people or more the figure in January next year was likely to be more than 350,000. Even with off-STEP might need to be setting job release and other gramme, designed specifically to Special Programmes: Special Programmes: Special Programmes: Special Programmes Division, MSC.)

Aiding young jobless could cost £100m . . . Philip Bassett reports

Youth unemployment could exceed 450,000

by end of 1981, Government body warns

January, 1982, could be as high places are at the moment taken as 450,000 or more.
Mr. Holland said the magni-

clear and the prospect daunting. Merely to meet the MSC's undertaking to offer work experience to all school-leavers would ployed should be taken more require a much larger pro- seriously. They were not workgramme. Since young people shy, but often the victims of would also he expected to say structural changes in employin YOP longer given the high

overall unemployment levels, the programme would also have white-collar and skilled work instead of blue collar manual On the long-term unemploy-

than a year—more recent figures will take time to become clear because the rate lagging behind the overall unemploywho were jobless for six weeks, ment level-could rise to more than 400.000 in 1981 and more

At present the STEP pro-

employer wariness following the The comparable figure for cuts in the scheme only 10,000

Mr. Holland called for the tude of the problem facing both Government to give a clear long-the country and the MSC was term commitment to the pro-Government to give a clear longgramme, with an assurance of continuity of funding. The plight of the long-term unem-

ment. The Commission's review of the two schemes showed that to be extended to train for last year the gross cost of STEP was £50.2m, which was £7.8m over its budget, while YOP cost £115.6m, some £26.9m under

budget. ment levels, Mr. Holland said the April figure of 334,000 mission's worries though, that youths without work for more YOP placements in jobs after the work experience scheme has ended may fall seriously from its present 68 per cent level as unemployment rises. The MSC believes that young people will increasingly turn away from than 500,000 the following year. the programme if its placement

level falls markedly.

# BP Chemicals in health dispute

BY SUE CAMERON, CHEMICALS CORRESPONDENT

TRADES UNION officials yes- it was based on previously research shows exposure to the impact of vinyl chloride histories of individual workers diseases and cancer.

monomer, a chemical used to at BP Chemicals' VCM plant at It calls for the present make plastic on its employees' Barry, South Wales. exposure limit to be cut from health. BP Chemicals said, however, that it had sought to stop publication for legal reasons.

National officials of the Association of Scientific, Technical to VCM. BP Chemicals had U.S. and Managerial Staff said the therefore asked for the thesis. It company had asked the University of Wales to "embargo" a might be sub judice, thesis on vinyl chloride monomer written by one of BP's

kept the thesis secret for two published in January after a been 500ppm. two-years after it was submitted. The officials, speaking at a Press conference launching an according to the subjudice. It had been 500ppm. Last night the Chemical theory parts of the thesis Industries Association said the Could still be subjudice. It had Ippm exposure limit in the U.S. They said the university had years after it was submitted. able earlier. The University of pensation scheme for employees Wales published the thesis last whose health suffered because

of exposure to VCM. BP Chemicals said much of The ASTMS report says and ICL

initiative.

BP Chemicals said yesterday

terday accused BP Chemicals of published material. Parts of it, VCM can cause a wide variety suppressing information about however, detailed medical of illnesses, including liver

Some o fthem had actions three parts of VCM per million pending against the company parts of air to one part per on the grounds that their illness million. The report says a limit had been caused by exposure of lppm was introduced in the

It demands early retirement, to be kept secret because it with full pension and pay, for might be sub judice, workers exposed to VCM before But BP Chemicals said there 1974, when the chemical was were still eight compensation first recognised as a serious cases from Barry outstanding, health risk. Before 1974 the even though the thesis had been exposure limit for VCM had

ASTMS report on VCM health not asked for the embargo on was a "target," not a legally-risks, said the thesis informative the thesis to be lifted. The enforceable standard. Conditional conditions are the conditional conditions of the conditional conditions of the conditional conditions of the conditi tion could have helped sick university acted on its own tions in VCM plants in the UK were as good as those in the U.S. an din some cases British Chemicals, if it had been avail- it had just introduced a com- plants operated at a 1ppm level. VCM is used to make PVC. polyvinyl chloride, Principal UK producers are BP Chemicals

# Sir Jasper Hollom joins BATS board

of England, has been appointed an external director of BAT Mr. William J. Young, formerly INDUSTRIES from August 1, first vice president, financial He is chairman of the Panel on compliance and market regula-Take-overs and Mergers and of tion, has been appointed senior Commonwealth Development Commonwealth Development Finance Company. He also

Mr. Ian R. Farnsworth bas been appointed senior vice-president (marketing) at NATIONAL of the exchange. He heads the WESTMINSTER BANK'S executive office North America, New secretary of the exchange. York. He succeeds Mr. St John Seymour who is returning to the UK on completion of his tour of duty,

executive director.

Mr. Ian Butler has been appointed a director of BAR-CLAYS BANK UK LIMITED from September 1. He is chairman and managing director of Lead Industries Group.

UNIVERSITY GLASGOW has appointed Sir Samuel Curran visiting professor in energy studies for five years from October 1. He is at pre-sent principal and vicechancellor of the University of Strathclyde.

CROWN LIFE has appointed Mr. Stuart Neshitt as director of individual sales and market-

Mr. A. G. Smith has been appointed a managing director of ASTLEY AND PEARCE (STERLING).

Mr. Peter M. N. Jennings, an executive director of Guinness Mahon and Co., has been elected a director of the MILFORD

DOCKS COMPANY. Mr. Eric J. Paisley has been appointed president of WEST-LAND TECHNOLOGIES INC.,

based in Winston Salem, North Carolina, U.S. This is a new company set up to promote Westland Aircraft products in the U.S. Mr. Frank J. Manheim has been appointed chairman of

AMEX BANK, the wholly-owned merchant bank subsidiary of American Express International Banking Corporation, Mr. COUNC Manheim is currently vices of Cran chairman, and succeeds Mr. nology, Sixto K. Roxas, who remains a director of the parent company, Dr. H. von Werra is on

October 1 to succeed Dr. A. W. Roth as management chairman. of the Swiss electrical engineering concern SPRECHER AND SCHUH AG, Aarau. Dr. Roth will division.

Sir Jasper Hollom, former remain the company's managing Deputy Governor of the Bank director.

BOARD OPTIONS EXCHANGE remains on the Court of the Mr. Young directs CBOE's Bank of England as a non- regulatory efforts with respect to market regulation and financial, operational and sales practices compliance. Mr. Arne secretary of the exchange.

> Mr. P. G. Hulme and Mr. A. P. Newman have been appointed joint managing directors of

From August 1, Mr. Peter Mayne has been appointed commercial manager of the MANCHESTER SHIP CANAL COMPANY, following the retirement of Mr. Norman Cowgill,

Mr. Nicholas Kane has been services for RANK XEROX-(UK). He succeeds Mr. Lyndon Haddon who has been appointed director of dusiness planning and strategy for Rank Xerox.

Dr. Brian Jackson, previously financial controller, joins the Board of JOHN WYETH AND BROTHER with executive responsibility as financial director. Dr. Jamie McCaul joins the Wyeth Board as director of human re-

Mr. Robin Hirsham has been appointed group managing director of MANSON FINANCE TRUST. Mr. Edward Goldie. previously managing director, continues as executive chairman.

The Countess of Alrie, Miss Elizabeth Ursula Chesterton, and Mr. Anthony Wakefield Cox, have been re-appointed members of the ROYAL FINE ART COM-MISSION.

Sir Henry Chilver has been appointed chairman of the elec-tronics economic development committee of the NATIONAL ECONOMIC DEVELOPMENT DEVELOPMENT COUNCIL. He is vice-chancellor of Cranfield Institute of Tech-

Mr. Brian R. Law has been appointed an executive director August 1. He was previously managing director of Mars with full responsibility for the operations of the confectionery

from the TUC.
The AUEW Section, whose executive met particular elements of yesterday, seeks discussions on proposals, continued use of this with other members of the companies within the Thermal National Engineering Construc- Insulation Contractors' Associa-The committee does not trained non-GMWU laggers to



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reduced rate Overnight Telegrams. Phone or telex it to us (dial the number shown in your dialling instructions) by 10.30 p.m. for delivery with the next first post anywhere in the U.K. and you'll be surprised how little it costs.



HEAVY plant can be handled

Developed by Tellurometer The flexibility of the Loadlift and designed for hydrographic platform enables a fork lift and aerial survey applications, truck to be offloaded directly on to a four-foot leading bay.

position fixing configuration for instance available; capable of realising. The rear platform area can be lowered to the ground hydraulically for use as a load-ing bed. Wheeled vehicles or sledge-type paliets can be loaded, either driven or winched on to the loading bed-and hydraulically raised on to

# In better

TRUCOLOUR 35 is the name of

# echnical Page Low cost

**e ELECTRONICS** 

# No need for the human touch

FIRST fully-automated production line in the world for the process deposits solder paste at manufacture of hybrid circuits is the claim made by DEK have to be attached and the Printing Machines of London components are placed into and Weymouth for a plant position automatically. Final which will go into service in September, this year.

DEK has been led to carry out this unique development because of its extensive and growing activities in the export market. It exports 75 per cent of the circuits it manufactures to Japan, east and west Europe

and the United States.
Hybrids are used widely in essential controls for machinetools, motor vehicles, precision tions equipment and computing

installations.

Basis of their production is a highly developed form of screen printing which deposits the conductor strips of the circuits on thin ceramic plates.

Metals such as palladium, platinum or gold form the strips and electrical resistors are formed in the same way. being automatically adjusted by

shire (0990 25049).

distances up to 50 feet.

**# HAND TOOLS** 

Puffin compressed air blow gun,

a pistol type unit said to be easy to handle and control.

Design of the nozzle is such

Sets tank temperature

tank can be controlled to within a second, lower temperature so

plus or minus 5 deg F in the that the liquids can be main-

range 50 to 275 deg. F using tained at an energy-saving hold-

the RTC D-300 controller from ing temperature overnight or Circuit Plating Equipment, at other times when the tank Buckhurst Hill. Ascot, Berk- is not in use.

This solid state unit uses a at 20 feet, will show the set

several immersion heaters at indicating which by lighting up

PUT ON the market by Air from blowing back on to the

WS14 ODR (0543 480341) is the happens to be operated while

that a barrier of air is pro-relleved through the outlet duced during operation which producing the protective air prevents dangerous material cone.

Safe compressed air gun

Industrial Developments, Shen-stone, Litchfield, Staffordshire In addition if the

the points on the circuits where components such as transistors printing stage is encapsulation in resin to seal the circuits off from damp and contaminants. From start to finish, the cir-

A further screen printing

cuits are untouched by hand and the feed systems for each stage of production use standard 35 mm photographic slide magazines for loading and unloading. DEK has been in the hybrid manufacturing business for 12

years and now employs some 100 people. The company proposes to allow other British manufacturers to visit the production line once it is up and running in the hope that they will invest in similar manufacturing facilities and reduce the country's dependence on imports, while competing better with foreign makers on the latter's own markets.

DEK Printing Machines. 1 Euston Centre, London NW1 3JG, 01-387 0215.

A large digital display, legible

next to the appropriate legend.

the nozzle is in contact with the

body, air will not puncture the

## Treatment of water

• PROCESSING

clean-up

WHERE A very thorough cleaning of items such as electronic components. printed boards,

optical devices and instruments

has to be carried out, ultrasonic tanks with a starting price of £152 offered by Perm-I-Fix might provide the answer.

The Compact BLC range

offers six sizes from 140 x 140 x 120 mm deep up to 450 x 450 x 290 mm deep and the fabrica-

tion is from 1 mm stainless steel

polished on the inside to resist

Transistorised generators with

outputs from 50 to 900 watts

are used with frequency sweep-

ing to ensure uniform cavitation

in the cleaning fluid, giving better results with complex

The tank thermostat is

manually adjustable from 30 to

90 deg C and the transducers,

which are of the sandwich type

with two PZT discs each, are

fixed to the bottom of the tank.

able including a hard chrome layer on the tank to reduce

wear due to cavitation and

More from the company at 41

Widworthy Drive. Broadstone, Dorset BH18 9BD (0202 696123).

A variety of options are avail-

cavitation corresion.

shaped items.

double the life.

MAGNAFLOC LT31 is a liquid grade coagulent of the polyamine type. Approval for its use in the treatment of potable water has recently been granted the Department of the Environment in Britain.

The principal area of application is expected to be as a partial or complete replacement for traditional inorganic coagulents such as aluminium sulphate or thermocouple sensor and has a point or tank temperature alter-relay output which can control natively, light emitting diodes and direct filtration processes. A major benefit is the reduction in the volume of aluminium or ferric hydroxide sludge

which is normally associated with water treatment clarification processes. These "hydroxide" sludges are voluminous and can involve a considerable cost in respect of their subsequent dewatering and disposal. By reducing the volume produced a substantial cost benefit can be achieved. Supplied as a 50 per cent active liquid polymer, it is easily

skin but will be automatically handled and applied.
relieved through the outlet Allied Colloids PO Box 38, producing the protective air Low Moor, Bradford, W. Yorks. Allied Colloids PO Box 38, This machine will produce Drayton Low Moor, Bradford. W. Yorks. either CR-50 or CR-80 size West Su BDI2 OJZ. (Tel: (0274) 671267). cards and employs 11 x 81 in 779704).

being used for high gloss finishes. It is stated that the latest combination of ultraviolet Fast drying carton inks FIVE COLOURS and a varnish, resistance is good enough for Recovery of

printed on carton board will the most arduous packaging be tack-free in 20 minutes and applications, it is added, completely dry in an hour. This Redcliffe says its Lightning claim is being made by Redcliffe inks are intended for use as Inks of Yate, Bristol, for its a complete ink/varnish system latest ink system called Light- and give best results-including

A radio frequency drying unit manufactured

by Wiles Engineering of Edenbridge, Kent,

has been mounted on this Bush roller coater

2t Bowater Carton's Gillingham, Kent, works.

cartons and was previously used for the application of solvent varnish, which was

dried by heat, two-part catalytic varnishes

The coater is used for lacquering or varnishing

used are based on a conventional powder-when so used. slow-drying inks and rub before the inks underneath.

greatest rub resistance and The company says the inks requirement for the least spray

on the press as conventional it gives a set off surface long manufactured by

• DATA PROCESSING **Produces cards fast** 

OPERATING FROM a magnetic transmittal forms (three part tape or direct from a computer fan-fold). Up to 15 lines can the Series 4500 machine from be selected and printed from Data Card International will the 47 available line locations, emboss, encode and top plastics at a speed of 50 characters per credit cards, print the trans- second (10 characters per mittal forms, insert one or two inch). cards, burst and fold the transmittal and insert it into the window mailing envelope. Speed is 500 cards per hour.

Thus, slow, costly and error-

prone manual matching and inserting are eliminated. West Sussex PO20 6EW (0243

# waste heat

A NEW range of rotary air preheaters designed to recover waste heat from combustion built-in microprocessor as well Gravings Engineering, Easton gases and recycle it by supply- as self-test facilities. Operating Lane, Winchester, 0362-64411 but with additions to produce print varnish can be used wetvery rapid drying under infrared light. The inks are as stable on other infra-red inks, when space heating or drying is being the press as conventional interpretations. The inks are as stable or other infra-red inks, when space heating or drying is being the press as conventional interpretations. The inks are as stable or other infra-red inks, when space heating or drying is being the press as conventional interpretations. The infra-red overthe infra-red overing hot air for combustion or on a 3GHz carrier frequency or onphase-comparison measuring or drying is being principles. Howden, Argyle Birmingham B7 5TJ (021-326 7111).

> These preheaters designed to handle flue gases up to 550 degrees C but they can be produced to deal with higher temperatures (750 degrees C) if required. Claimed fuel savings are "of the order of 3 per cent to 8 per cent" depending on the type of application and the fuel used.

transfer surface separating the gas and air streams, says Carter More from the company at Howden, these latest pre-Drayton House, Chichester, heaters are smaller and lighter

#### curing and radio frequency drying has enabled Bowater to increase production by about 100 per cent and at the same time avoid release of solvents to the atmosphere. Ultraviolet curing is used on cartons needing a very high gloss or deep matt finish, while radio frequency drying is applied to waterbased lacquers or varnishes to provide

# ENERGY

Carter

Because there is no heat

than tubular or recuperative Oakcroft Road, Chessington, DE2.4 and has a colour rendesigns.

More from Tellurometer at Security specification DE2.1
Calcroft Road, Chessington, DE2.4 and has a colour rendesigns.

Surrey KT9 1RQ.

dering index (Ras) of 22

## • INSTRUMENTS Fixes the position MICROWAVE precision position

fixing is now in operation at the Port of Miami, where it is being used to provide dynamic accuracies of better than 1 metre for major dredging and re-develop-ment work. This should double the present area and capacity of one of the world's busiest passenger shipping terminals.

The first phase of the redevelopment, costing an estimated US\$85m, is scheduled for completion at the end of 1984 and is being carried out under the direction of Post Buckley, Schuh and Jernigan Inc., who have been retained by the Dade County Port Authority as consultants for the project.

In addition to setting out con-trol buoys and continuously monitoring the precise position of dredges, the MRD 1 system from Tellurometer is also being used to provide automated preand post-dredging cross-section-data to compute estimated fill quantities; ancillary operations for which the system has also been assigned include positioning of a magnetometer survey of the main port channel improvement area, locating divers for environmental and archaeo. pressors, etc. can be incred to logical studies; as well as the progressive monitoring of the port improvement as it affects the seabed.

the MRD 1 is the most accuratedynamic accuracies of better than 1 metre over distances in excess of 100km, a range which can be further extended to be-yond 200km for aerial survey applications.

principles, a basic MRD 1 con-Carter figuration comprises a portable Street, solid-state master instrument with integral keyboard facility. together with an omni-directional antenna and two remote units which incorporate duplex speech links and are sited af pre-determined points. The configuration thus pro Philips Lighting.

> measuring function which can unit and is some 15 per cent be extended to accommodate a more efficient. It is intended for third range by the addition of use where critical colour rendera further remote; a multi-user ing is important, for example option, in which up to six in clinical areas in hospitals, master instruments may share booths and display points in the same two or three remotes stores, and for art galleries. using a multiplexed time-sharing technique, is also available. partment of Health and Social More from Tellurometer at Security specification DE2.1-

# • HANDLING

with a truck body that lifts carries and offloads, developed by Gowrings Engineering of Winchester to overcome tradi-tional problems of moving heavy equipment in the construction and allied industries. called, one skilled driver can complete an entire loading operation at the touch of a button, controlling the hydraulic tall-lift with a 6 comes capacity.

applications.

The system requires no tuning or calibration, incorporates the chassis

Sowrings Engineering, Easton

Sowrings Engineering, Easton

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rec.il

Tony BL:

ELECTRIC

Vini's

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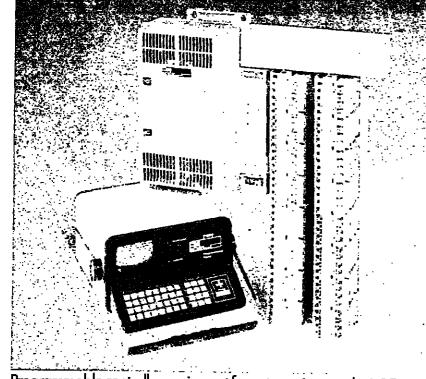
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(GFOUZ

the latest fluorescent tube from vides a continuous two-range. It replaces the Trucolour 37

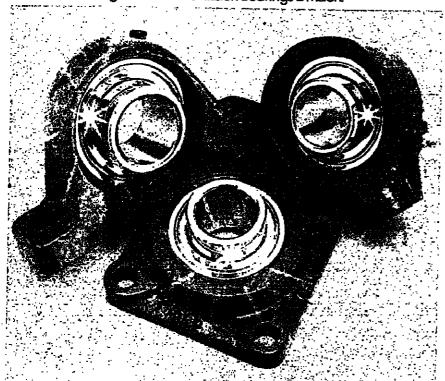
The lamp conforms to the De-

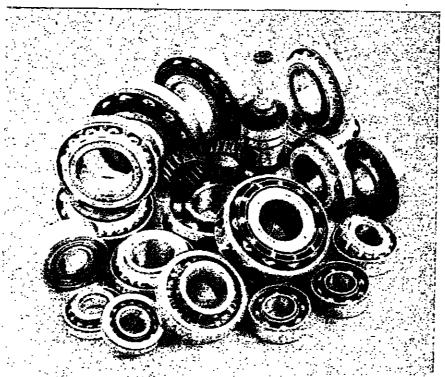
# P neips get Mini Metro together



Programmable controller equipment for automatic control—MTE Limited.

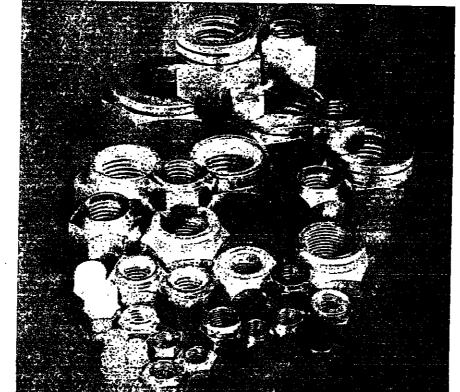
Self-Lube bearings -- RHP Transmission Bearings Division.





The bearings for the Mini Metro-RHP Automotive Bearings Division.

Self-locking nuts—Philidas Limited



In Europe's newest car assembly line there are more than forty of our programmable controllers, whilst Self-Lube bearings help keep the conveyors rolling smoothly.

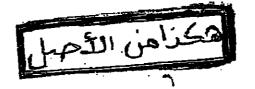
Our bearings are fitted throughout the car and our self-locking nuts are in there too.

As an all-British supplier of long standing to BL cars, we wish Mini Metro every success.



Ransome Hoffmann Pollard Limited

Stratton House, 1 Stratton Street, London W1X5FE



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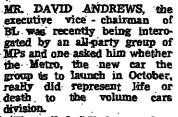
THE METRO PROJECT



In October, BL will launch the Metro which it hopes will win at least six per cent of new car sales in the UK and also become competitive throughout the small car market in Europe.

# The car that must succeed

By Kenneth Gooding, Motor Industry Correspondent



He replied: "If that car fails it would put that part of the business probably beyond

What Mr. Andrews must have had in mind was that, not only must Metro generate some of the cash for BL's next stage of product development, its successful launch will also have a profound psychological impact on public opinion.

Just as important, it will give BL's 1.800 UK dealers an up-to-date model they can sell in considerable volume. Mr. Tony Ball, who is in charge of BL's world-wide sales and marketing confidently predicts Metro will take at least 6 per cent of total new car sales, putting it well ahead of the Mini's 5 per cent. Most of the business should be captured from rivals, mainly imports, in the small car market.

This will do much to keep the dealership network from disintegrating. And, as Metro is built to be competitive throughout Europe, it will be the model on which BL will attempt to revive its fortunes on the Continent Most of all, Metro will give

show this Conservative Government that the new management and the Allegro. Some LC10 team is capable of producing production could go down the the goods in terms of the new car model programme, not just supervising the orderly run-down of a moribund business.

BL something very tangible to

The launch of the Metro should provide the right political atmosphere for Sir Michael Edwardes, the chairshould man and chief executive, to go back to the Government and ask for further financial help towards the next important cars in the range, those to replace Ital and Allegro.

The first of these mid-range cars, the LC10 five-door batch-back is due at the end of 1982. The second is code-named AM2 (for Austin Morris 2). While the Metro and LC10 are hatch-backs, AM2 has a conventional three-box design with a boot at the back in order to appeal to the company fleet buyers, who are so important to the UK car market. AM2 is due for a 1983 launch,

#### Head-on attack

These two cars will tackle head-on Ford's domination of the UK market through its LC10 to its output. LC10 could Cortina, which takes around 11 to 12 per cent of total new car

sales on its own.
LC10 and AM2 would also give the Austin Morris part of BL Cars the boost in volume essential if it is to keep both its assembly plants operating at an economic level of capacity.

Longbridge, along with the Mini same highly-automated lines as

The AM2 range would also help keep the Cowley plant busy. By the time AM2 is launched, Cowley should be making the Bounty, the car jointly developed with Honda of Japan which is to be launched at the end of 1981, and the revamped Princess, a "facelifted" hatchback derivative of the current model, to be introduced soon after Bounty.

This all adds up potentially to a strong product range, par-ticularly for the UK.

The problem is that BL, according to most observers, simply cannot afford to finance AM2 and LC10. On the face of it, the mid-

range cars could cost a further £300m—the going rate for car projects of its type. But that could be too high an estimate, given that the £285m spent on Metro included a major overhaul and modernisation of Longbridge so that not much extra work would be needed to add go down the same lines of robots as the Metro, for example. And all early de-velopment work on LC10 has been completed.

Even so, BL would find it difficult to raise half that sum. When the corporate plan was business across Europe, has a any BL has ever experienced. approved by the Government, better-balanced trading pattern And it is faced with a Govern-

£430m of State cash during the following three years. That total represented the £225m balance of the £1bn promised to BL 18 months," commented Mr. under the terms of the so-called Ryder plan, drawn up after the Government stepped in to save the group from financial collapse in 1975, plus £205m to meet the cost of redundancies and closures under the company's restructuring

For the financial year 1980-81, BL received an immediate £150m by way of new capital and a further £150m to be drawn "on evidence of need." Some £75m of that £150m was drawn in May.

programme.

Sir Michael has had no help hatever from "external whatever from "external factors" since the plan was drawn up. In particular, the combination of an over-valued UK currency, plus high share of export markets because inflation has been making life there is such a wide price differextremely tough for British

currency earner and so suffering badly. Mr. Andrews told the committee of MPs that BL's high level of exports—£800m a year against imports of £100m-

BL has for the past 12 years

been Britain's biggest foreign

knock." So the past few months prob-Ford, which has spread its ably have been as difficult as

The Metro will be made at last December, it was agreed and could therefore even out ment determined to make State- very low drag coefficient so that fluctuations—" We estimate that this has been financial targets. worth between 2 and 3 per cent on Ford's margins in the past

> Andrews. In BL's home market profit margins have doubled for French and German groups and quadrupled for Japanese manufacturers in that time.

This gives the importers much more room to manoeuvre when trying to maintain profitability in the steeply-declining UK new car market.

#### Export markets

has also played havoc with BL's business overseas. Buses and trucks, its major export earners, are being sold at wafer-thin margins and the Japanese have been able to erode Land-Rover's ential between their four-wheel drive vehicles and the pre-viously-preferred Land-Rover.

BL's attempts to stop a mass desertion of its dealers in the U.S. has not been helped by the sterling-dollar relationship although there are other more important factors involvedsuch as the lack of a suitable meant that 'if the pound model for the States in the appreciate, we take a hard range.

owned industries keep to their

Industry secretary, Sir Keith Joseph, when questioned about further funds for BL, said recently: "We shall be very, very hard to persuade. BL has a very hard struggle and the people concerned know that it has got to survive on its per-

Optimists would say that Sir Keith did not entirely rule out the possibility of more cash for BL with that comment. A successful Metro might well soften some of the harder hearts at the Treasury.

So what do was a soften some of the harder a total cost of £30m.

The high value of sterling Metro, so far? The word as also played havoc with BL's "Metro" covers a European range of cars capable of offering extreme economy at one end or high-performance, highly-luxurious specification at the other.

Among other things, Austin Morris has claimed Metro is very spacious and that it is all usable space. For example, although externally it is smaller than ments. Ford's Fiesta, its major competitor, it offers more internal room than the current Ford

low because the car was designed to be easy to service. despite being front-wheel-drive, and economical on fuel - some people are even suggesting, unofficially, 60 miles to the gallon at 50 miles per hour.

Good fuel economy has been achieved because the car has a work and carpeting.

it cuts through the air easily and because it uses a revitalised version of the "A" series engine currently used to power the

AM compared the engine with those of the competition and became convinced it had the right torque (pulling power) at low speeds, yet the "longlegged" ability on motorways. So the new "A-plus" engine has been "improved in many respects" — and so has the engine plant at Longbridge-at

Mini, the Allegro and some

Marinas.

AM says that no other model from any manufacturer has been so thoroughly "audited" before its launch. Metro has been checked over by engineers and stylists from outside BL. The company has had its fleet customers, distributors and key suppliers in to give Metro a going over. All have been asked to suggest potential improve-

#### Road tests

Over 1m miles of road Running costs will be very testing have been completed. For the first time in BL's history, prototype cars have been made on the same tools as those to be mass-produced later.

AM is taking a great deal of care with the quality of Metro and this will extend to the cosmetic elements, such as paint

But can Metro make a reason

This cutaway drawing of the

Metro was supplied by Car Magazine, which said that the space-efficient volume car in history." Since the drawing

was made, the position of the engine mounting has been moved.

The introduction of highly automated production systems for body building and assembly at Longbridge will put BL on an equal footing with its international rivals. Output at Longbridge is planned to improve from the current 16 to 17 cars a year per man employed to 20 1981. At that stage, it would be up to the best Japanese stan-

BL says it has reasonable manoeuvrability about the price it will charge for the Metro range. But if it follows its dealers advice and prices competitively it would need to sell Metros at the rate of at least 5,000 a week—6,000 a week to be on the safe side—according to many industry watchers.

BL plans to build up steadily from an initial 3,000 a week to 6,500 by the second quarter of 1981 after the Metro has been launched on the Continent.

Simple arithmetic shows how essential it is for BL to succeed with Metro in the rest of the

Mr. Tony Ball, marketing director, says he aims to achieve 6 per cent of total UK new car sales with Metro. If the UK market stays roughly at 1.5m a year, that indicates 90,000 Metros to be sold in Britainor 1,800 a week. That leaves 4,700 a week for export.





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Lucas Girling - braking systems and equipment for cars, commercial vehicles, off-road vehicles and railways.

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GOOD LOOKS

TOTHE

MINI METRO

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Berger Automotive Coatings, Freshwater Road, Dagenham, Essex RM81RU

# THE METRO PROJECT II

# Advanced technology to ensure high quality

ONE OF BL's major problems will be to convince customers that it can build the Metro to a high quality standard, in spite of the volumes involved.

No amount of advertising claims will help. As Mr. Harold Musgrove, chairman and managing director of Austin Morris, has said: "We must not just satisfy the customer. We must impress the customer. I want the customer to tell us that our quality has improved."

The search for high quality

on the Metro begins at the Swindon plant. Each of the 150 presses which will hammer out Metro body panels has a sensor attached to send back messages to a computer which judges if each panel has exactly the right shape. If not, the computer warns the operators to check.

At the other end of the buildprocess the search for quality involves every Metro being taken from the end of the line to a completely new, 6.500 sq ft customer validation building for final inspection, rectification and valeting. A careful checking process will ensure no Metro leaves Longbridge with, for example, marks on the upholstery or carpets. More important, checks also ensure that the paintwork is

If the paintwork is not perfect there will not simply be a quick touch-up job. Longbridge now has one of the most impressive paint rectification bays in the world.

The £5m spent on the rectification-valeting area should pay handsomely because customers' first impressions of any vehicle are those involving the "cosmetics." such as paint and other finish.

Computer control is the key element in making a modern car plant operate effectively and the use of computers by BL to monitor and control the way the Metro is built goes as far as anything yet seen in the indus-

BL Systems, the group's own computer subsidiary, even devised a unique programme to simulate the work flow at Longbridge before the plant was reshaped and new equipment

Using a colour VDU (visual display unit). BL Systems was able to locate potential bottlenecks and other difficulties much faster than the conventional way when scale models are used. This computer pro-Tomme—dubbed Why" system — is now being sold to other companies. Alcan has used it for an aluminium smelter and a ship repair yard desion team is using it.

Computers check incoming raw materials to be used for

Two lines of 14 robot welders are individually comtrolled by micro processors. Above: robot arms at work on a Metro body shell

Metro for quality-and quan-Suppliers sometimes do tity. Suppliers sometimes do One example of the uniting send too much (perhaps they in process is the way the have been let down on another contract and don't want their own stocks to build up) and of course they charge for all that

But each consignment is checked by BL's computers. Light pens are simply wiped across the computer bar codes on cards attached to containers and the computer makes an almost-instant decision whether

#### Complex system

has been delivered.

In the Longbridge plant the computers don't work in glorious isolation but they talk" to each other. The 19 mini-computers maintain a continuous dialogue to replenish stock levels, establish exact spend 18 months at the back details of goods leaving, arrivand produce inspection instructions.

Using conventional wiring. the space needed and the cost ried out by enormous Kuka But BL Systems has installed has identified the front suba single coaxial cable called Videodata (for which Ferranti if Metro is to have a long life has the UK licence), four-anda-half miles long into which all kept out. This is achieved by a the computers, visual display units, light pens and communications systems are plugged. BL Systems says this is rather

like a radio broadcasting system fed to the Kuka line. where terminals are tuned to the particular station (computer) they want. It operates tagging lines where they meet by time and frequency division pre-assembled front ends, sides, multiplexing and is linked by BL's own microwave telephone network to the very powerful computers at the BL Cars Data Centre at Redditch. In all, £3.5m of computers

and software have been in the hody and consistency is

On a serious note, he stresses

A key factor that has helped

smooth progress on the project is the good rapport Mr. Donaghy has established with the trade

unions. Senior shop stewards speak highly of his "blunt and honest" approach. As head of the launch team.

Mr. Dongahy has the final responsibility to "sign off" each

aspect of the project. On labour relations, for example, he must be satisfied the necessary agree-ments have been reached on

manning and methods of opera-

tion. "Once I say 'yes we can do it.' we have to be able to do it."

self available to take quick

One example of the "tuning quality controllers at Longbridge use light pens as the Metros make their way through the building process. The controllers can plug into the coaxial cable and, by touching the computer card attached to each car in the right place, can inform the computer about what needs attention.

However, to start at the time when the body panels arrive from Swindon, the building process starts at the panel store in Longbridge which is con-

They make sure that the fully-automatic storage facility has panels and other items stored evenly so that, among other things, one panel does not of the store before it is used. The first welding process is

assembly of the floor pan, a visually-impressive process carmulti-welders. frame supports as critical points and it is important that water is comprehensive weld and these sub-assemblies are welded by carbon dioxide on a ASEA seamwelding robot rig before being the

The underfloor assemblies pass by conveyor to body tailgate apertures before entering one of the two Sciaky body-

mine the critical dimensions of

dimensional check.

three-dimensional check. Twice tion. Every panel and curve is probe with a laser-beam head to make sure that the production tracks have not varied even a fraction from the ideal programmed into the computer's

The LK rig which carries this out takes 124 measurements in five hours. By conventional means this process would occupy three to four days.

Now the framework is built up, the body shells move to the two lines of 14 robot welders individually controlled by micro synchronised. These are the rotating and extendable oni-mate arms which more up and down in and out clamping and spot welding the body co

The bodies then pass to finishing lines where doors front wings, bonnet and fenders' added. The complete bodies then go to Longbridge's improved paint plant where they

#### Computer control

automated painted body store management control computer which makes the decision as to which car will be built next. It juggles with a variety of the order bank (what cars have customers ordered?). It checks information from the painted body stores and the parts control system (are all the bits and pieces available?).

It has a look at the assembly line balancing rules (high and low work content cars must be balanced so that bottlenecks do

All this is done in three and

a-half seconds.

The computer then tells the stores to deliver the body to the assembly line and calls up the required engine and transmission unit, seating and other major components and produces vehicle identification plate.

xc or b

Metro bodies are trimmed and cars finally assembled in a greatly expanded and modernised main car assembly building alongside the Mini. At assembly lines, every car has a four-minute brake dynamometer test, an emissions test and the These lines each have four going on to the valeting and multi-weld stations which determine the critical discountry and rectification.

· Kenneth Gooding

PROFILE:

# Jim Donaghy

FOR Mr. Jim Donaghy, the Metro project has been part of his life for more than four years. He was the man charged the importance of making himin 1976 with the task of pushing decisions and deal with un-expected problems that might through Britain's biggest investment in a new car plant.

Speaking now from the massive body factory where robots are already relentlessly assembling the new car, he claims never to have been daunted: "I did not look for someone to give me detailed terms of reference. I said that whatever it takes to make the

project a success I will do."

A practical man who rose through the management ranks, Mr. Donaghy joined Fisher and Ludlow, in Birmingham, as an engineering apprentice in 1952. Rather than "get left in a backwater," he moved in 1966 to Ford where he gained what proved to he valuable experience for his present job. At Ford, Mr. Donaghy worked

in the term that planned the \$100m investment in new assembly facilities in Europe for the Fiesta model.

"I had not thought of leaving Ford, but in 1974 I had an approach from British Leyland," he says. The job offered was as production engineering manager for body and assembly acti-vities within the cars division.

#### So exciting

"It seemed a much more exciting and demanding job." He laughs: "I did not realise at the time just how much more exciting."
At the beginning of 1976 Mr.

Donaghy was asked to put the Metro project into action. He gradually built up a launch team, covering all aspects, such as finance, personnel and purchasing, but it never numbered

more than 12.

Each of Mr. Donaghy's specialists was able to draw upon the resources of his own department - "That way a lot of people were involved in the Metro project and knew what we were doing. There is always a risk that such a project team can be regarded as elite and

become remote."

There was never any risk that Mr. Donaghy would become remote. He has been an ever present on the Longbridge site. working a 12-hour day, six days week. Asked whether there had been time for holidays, he laughs: "I am supposed to be on one now, but don't tell my

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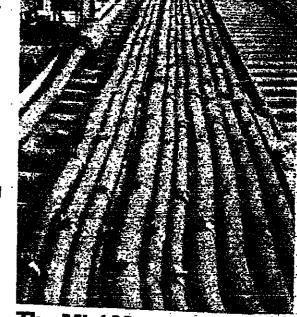
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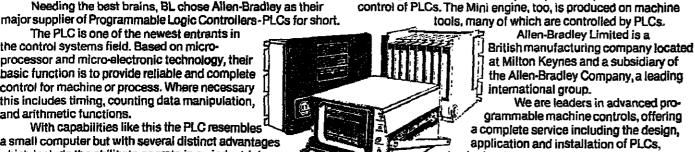
Arthur Smith

### The Lee Beesley Organisation

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The Mini Metro Car Factory



within the specified limits. In addition, all mechanical

They also monitor the individual welds to ensure they fall

handling systems for assembly and paint shop will be under the

BL picked our brains...

and arithmetic functions. With capabilities like this the PLC resembles a small computer but with several distinct advantages which include the ability to operate in an industrial backed up by a thorough after sales and environment, to interface directly with the machine or training programme. We are renowned throughout process and, perhaps most important, to be programmed the world for the quality, reliability and cost-effectiveness In simple language familiar to shop floor personnel. inherent in all our products, whatever their application. Allen-Bradley PLCs are widely used to control automatic It's essential for BL, and also the UK, that the Metro is an welding lines producing the Mini Metro's underbody, doors, outstanding success. So what better way to start than pick the

Austin Morris

Much of the machinery on the new Mini Metro assembly line

Needing the best brains, BL chose Allen-Bradley as their

has to receive its operating instructions from highly sophisti-

The PLC is one of the newest entrants in

processor and micro-electronic technology, their

basic function is to provide reliable and complete

control for machine or process. Where necessary

this includes timing, counting data manipulation,

the control systems field. Based on micro-

cated automatic 'brain-boxes'.

framing, body and dash.



THE METRO PROJECT

# Encouraging trend in labour relations

A BREAKTHROUGH in labour multiwelders, each costing but for specific machines which of a massive pit, relations at Longbridge—BL's around £3.5m. Each machine is gives them a greater responsibility and one with a capable of 650 spot-weld operability and pride in their work.

The Longbridge has been a marked change in of the Metro underbody, attitude by the 20,000 strong shour force in recent months and nowhere has it been more pronounced than in the Metro hody shop—the new 750,000 square feet building that houses the robots and computers that represent the latest in car assembly technology.

The 1,000 workers already recruited to operate the highly automated equipment have identified with the Metro project and distanced themselves from the more mundane disputes—such as the protest walkout over tea-breaks—that have troubled Longbridge in recent weeks.

From the outset, the Metro project, drawing upon the best work practices and technology available to the motor industry, was seen as a way of in-volving the workforce and changing attitudes to work. While BL would concede that efficiency, rather than sociological theory, has been the principal criterion for equipment, cynicism of the critics has not

been justified. Even union officials express surprise at the ease with which BL appears to have gained the co-operation of the workforce for new work practices. Mr. Jim Donaghy, the man heading the Metro management team for the past four years, says: "We have done more than establish a building and management structure. We have created an environment where employees associate with the product rather than their own job. They accept responsibility for their part of production and take pride in its efficient operation."

BL management travelled the world, visting plants in Europe, the U.S. and Japan before chosing the equipment for Longbridge. The emphasis for the Metro is upon ease of assembly, giving the repetitious demarcation barriers. They and ardnous tasks to machinery rather than men.

The fundamental change in diagnose the faults. Another was tremendous. At one point, work practices can be illus- advantage claimed is that main- we managed to maintain pro-

ACHERIC PART

troubled strike record—sud- tions and joins together the denly seems possible. There front, rear and centre sections

The section is manned by

eight to ten operators, six maintenance men, one supervisor and one inspector. Conventional manufacturing would require an 80 per ceut increase in operators who would, nevertheless, be working at a lower speed. Kuka operators, rather than confined to one routine process for the whole day, have a range of activities from loading the machinery to manual operation of a robot or spot-

#### More efficient

Overbeads are cut on the Metro by more efficient use of supervisory and inspection staff, to the worker participation economy is in the effective use of maintenance staff. At BL, the craft groups are organised separately as electricians, machine tool fitters, pipefitters, and millwrights. In the event of a machinery breakdown, the production foreman would have to go to the trade foreman of each of the skilled groups to enlist their aid.

Often it is difficult to assess, initially, whether it is an elec-trical or mechanical fault. Indeed, while an electrician might be able to rectify a simple fault on a machine tool he might have to call in a pipe-fitter to dismantle the hydraulies and a tool fitter and millwright to remove other

For the Kuka machine agreement has been reached with the craft unions that the six-man maintenance team will be comprised merely of electricians and machine tool fitters. These men will act as a team in the event of any breakdown and call in specialist crafts whenever neces-

BL insists that skilled men are not being asked to cross are simply able to respond to problems more quickly and trated by an examination of tenance men are responsible not duction even though construc-

Longbridge unions on the balance of skills for each of the production processes. Maintenance of the seven miles of overhead conveyors in the body shop, for example, is split between the electricians and mill wrights.

BL attributes its success in negotiating flexibility in the use of labour in what is a highly sensitive area to the fact that it requires a net increase in use of skills. While each of the craft unions has had to break from tradition, there has been no loss of membership or jobs.

methods and co-operation of the workforce to change owes much but perhaps the most dramatic machinery introduced at BL shortly after the Government rescue in 1975.

The flexibility in working

From September, 1976, a committee of 11 senior shop stewards and eight managers met regularly to plan the Metro project.

ticular problem to sort out,"

valuable contribution. They helped decide the method of production. If they came up with a good suggestion we incorporated Indeed, it was as the result

of a visit to the Fiat factory in Italy that the trade unions re-commended "the teamwork" concept, with workers required to co-operate in a range of operations rather than specialising in one repetitive task. The shop stewards became so

committed to change under the leadership of Mr. Derek Robinson, the Communist convener. that they lead the way. Mr. Donaghy reports that, during 1978, workers in the paintshop were required to undertake three fundamental changes in operations.

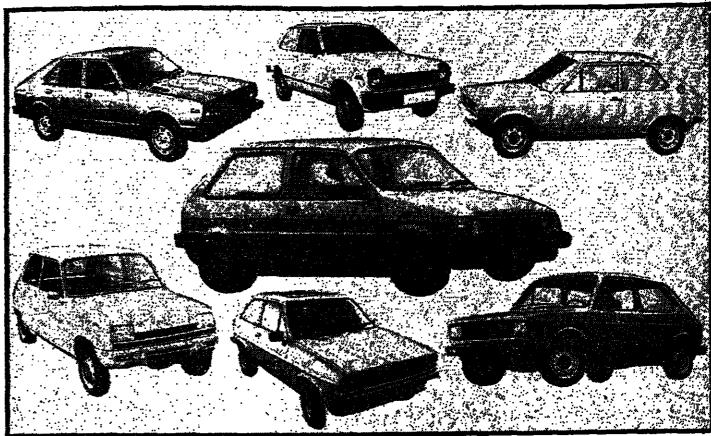
"A great number of people were affected but co-operation manning levels of the two Kuka for the whole range of plant, tion work meant the digging the

costing but for specific machines which of a massive pit, 45 feet long

Longbridge management pulled out of participation last maintains that agreement has autumn in protest at both the been reached with the trade alleged lack of progress in worker democracy and also the company rationalisation plan involving more than 25,000 redundancies.

> But Mr. Donaghy argues that the loss has not been significant because a relationship had been established between management and the workforce-" I get phone calls from stewards and management alike as soon as a problem begins to appear. Any new work practices do not come as a surprise because we have discussed them at length. Everyone knows what is going to

> > Arthur Smith



In the centre, BL's new Metro, surrounded by some of its rivals in the small car market. Top row, from left to right: the Datsun Cherry; the Toyota Sturlet and the VW Polo; bottom row, from left, the Renault 5, the Ford Fiesta and Fiat 127

# Fierce rivalry in small car market

fortnight and sometimes four about producing a replacement times a week, if there was a par- for the Mini. It decided instead to go for a new segment of the car market which it saw opensays Mr. Donaghy. car market which it saw open-"The trade unions made a ing up. As customers' purchasing power increased, buyers demanded cars with luxury features. At the same time, the sharp rise in the price of petrol was a constant reminder about the cost of running a car. BL decided it needed a car with luxury features, but a low

cost of ownership." During the development and subsequent processes, BL attempted to make Metro better than any other car in its class by comparing everything that was done with the aims set out

in a very corny acrostic. It went like this: S, for space: Metro is smaller, outwardly, than a Fiesta, but has more space inside than an Escort. And the intention was to obtain usuable, flexible space. (No wheel arches filling

the boot). U, for user costs: BL aimed to keep the Metro easy to

will depend on C. C. for certainty-which BL used to describe a combination

C, for comfort: This includes ride quality and noise levels. E, for economy: But economy

was not to be achieved at the cost of drivability. S, for safety. S, for style: The style had to

be practical — for example, giving good visibility, and a low drag coefficient. Put the letters together and you have "success." Or so BL

According to those who have driven the Metro, BL has achieved everything it set out to achieve. They are not unbiased observers, of course, coming as they do from within BL itself. One of the Metro's greatest fans is Sir Michael Edwardes, the

chairman. The BL people claim that Metro has the "magic" ingredient missing from many repair, and easy to service. small hatchback cars—a distinct BL hopes to achieve pan-However, the major element in character of its own. Metro will European coverage with Metro been mainly an area where the the "cost of ownership" is need that extra edge because it by next April. To some extent.

petition.

Not so much in the UK, however. Provided BL can produce the car at a steady volume and of reliability, durability and achieve anywhere near the quality it has been aiming for, then the 6 per cent share of the total new car market which the

> should be achieveable. There are 1800 BL dealers around the UK who are desperately waiting for the car. They have many customers wanting to take delivery. BL will have at least 6,500 Metros

group aims for with Metre,

#### with the dealers by launch date. Greater demand

However, "character" as compared with the blandness and "sameness," often associa ted with small, front-wheel-drive hatchbacks, will certainly bely BL sell Metro on the Continent. This style of car is in much greater demand on mainland Europe and therefore the search for something out of the ordinary is more keen among customers.

satisfy demand in the home market.

In Britain, the small-car market has sprung from only 9 per cent of total new car sales in 1970 (nearly all accounted for by the Mini which sells at the rate of 70,000 to 80,000 a year and peaked at an annual 120,000) to 18 per cent this

divided into two segments-one for people who want a second car or a runabout, a classless kind of vehicle. BL expects the up-graded Mini to compete in this segment for some years to The second segment is the

The small-car sector is really

family hatchback" sector. As

We gathered at least once a IN 1977, BL changed its mind depreciation. Second-hand value is up against some tough com- though, that will depend on the unlike so much of the UK newway production builds up in the car market where the company and how long it takes to car fleet buyers reign supreme.

Metro will mainly be taking on importers when it is BL also hopes that Metro will launched. Imports account for be the car with which it can around 60 per cent of smallstrengthen its Continental car sales. Ironically, Ford's dealership network. With the right product, more and better dealers will be easier to attract. Spanish-built Fiestas account for roughly 20 per cent of the small-car sales in Britain and help keep the import content very high.

Fiesta is Metro's main rival in the UK. Last year, Fiesta took 3.42 per cent of total new car sales with around 55,500 registered.

The other cars which Metro will challenge, in descending order of importance, are: the Datsun Cherry (1.17 per cent of the 1979 new car market); the Renault R5 (1.33 per cent); the Volkswagen Polo (1.05 per cent); the Fiat 127 (1.0 per cent); the Toyota Starlett (0.46 per cent); and the Honda Civic (0.22 per cent).

Kenneth Gooding

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ACE CONTROLS.

# THE METRO PROJECT IV

# Concern among the car component suppliers

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UK motor components industry, have announced redundancy per cent. particularly in the Midlands, programmes. must rest on the sales perform-

Sir Michael Edwardes, the BL chairman, in a recent speech defending his company's pur-chasing policy gave figures which underline how vital the State-owned concern is to the He said BL buys suppliers. well over 90 per cent of components in the UK, spending around £2bn each year with 7,000 businesses.

are causing concern in the components sector. Companies already struggling on the export front because of the strength of sterling and the weakness of markets bave been hard hit by the recent sharp fall in UK demand for cars, commercial vehicles and trac-

The latest forecast from the Society of Motor Manufacturers and Traders is that UK car production will total little more than 920,000 this year, com-pared with just over 1m in The full extent of the decline of domestic car assembly in the face of rising imports can be appreciated from the fact that output in 1972 reached

In the commercial vehicles sector, whose difficulties are only too well illustrated by the recent decision of Fodens to call in a receiver, output this year is expected to drop to 375,000 from the 408,000 of

Against that gloomy background many component suppliers are considering whether to reduce capacity. Short-time working is already widespread

The depth of the recession is ance of the Metro. The im- perhaps best seen in the plight portance of the new car lies of the ferrous foundry industry, not just in the immediate which supplies more than a orders it will bring but in third of its output to the autowhether BL can halt the seem- motive sector. Up to 50,000 ingly inexorable slide in market workers are currently on short time. Birmid Qualcast, with one of the biggest foundry operations in Europe, has shut four plants and shed more than 1,760 jobs in the past 12

#### Labour force

months.

Many component makers are looking for a cut in their labour force of around 10 per cent. But it is not only the well- be achieved through natural publicised problems of BL that wastage rather than redundancies will clearly rest upon the performance of the vehicle assembly industry over the next few months

Mr. David Owen, chairman of Rubery Owen, suggests that some companies may delay firm decisions until autumn production schedules become clearer. An important factor will be the August car sales with the introduction of the "W" introduction of the registration.

One of the problems with which the components sector is grappling, the strength of the pound, has been highlighted by Sir Michael Edwardes. He declared that BL intended to considerable scepticism about "go on buying British where-ever possible," but pointed out components industry will win. that the commercial pressures to buy foreign were

ficant price advantage for over- in excess of half the cost of the seas producers. Second the UK rate of inflation is adding however, fired by high wage settlements.

considerable.

Sir Michael said 40 per cent compete, of BL's suppliers had made wave awards this year of 17 per ahead on BL's planned new

THE HOPES of much of the Wilmot Breeden, and Renold the company's own deal at 71 but suppliers are conscious that

suppliers that we cannot allow them to pass on inflationary wage increases to us through increased costs while our own employees have settled realistically well below inflation

Sir Michael warned: "If this means UK suppliers become uncompetitive, then we really have very little alternative but to look eisewhere, where prices are lower and enable us to contain

The message about wage costs had already been taken on board by the components companies. Lucas Industries has told leaders of its 65,000-strong workforce that in the current trading climate increases of more than 10 per cent cannot be contem-

What is worrying suppliers more about BL is the question of the company's ability to lift market shares from the 17.8 per cent achieved in the first six months of the year. The company's weakness in recent years has been its ageing model range. The launch of the Metro in October should give a powerful boost, as should the new car to be made jointly with Honda of Japan.

But while suppliers can see the benefit to BL of turning to Honda for the quick introduction of a new model, there is

The engine and transmission for the car, code-named the Bounty, will be imported from First, the strength of the Japan, but BL has said the UK pound provides a very signi- content will eventually be well vehicle. Suppliers point out, UK rate of inflation is adding however, that with lower to costs, which in turn is being production runs and the complicated Japanese pricing structure it will be difficult to

Development work is going and companies such as GKN, cent or more, compared with middle range car, the LC 10,

"We have made it very clear is ever undertaken will depend upon the company's performance this year and indeed upon the success of the Metro.

Given the uncertainties which have hung over BL in recent years, suppliers have attempted to reduce their dependence and to increase exports. Such strategy has been pursued successfully by companies such as GKN, Lucas and Automotive Products which have the technical expertise and resources to develop overseas markets. Such companies have invested in the U.S. to take advantage of the trend towards smaller Europeantype cars.

A study undertaken by the Department of Industry in the West Midlands suggested however, that of companies which had attempted to diversify into non-car work only 7 per cent had been successful. The problems were caused by lack of sales experience, machinery too specific to the motor trade, and the need for long production runs. Another factor, particularly relevant as industry moves more deeply into recession, is

the lack of other opportunities.

Nor is the move into export markets an easy option. The study showed that two thirds of the components companies had no overseas sales at all and few were optimistic about the poten-

Prospects at the moment can only be described as grim as sections of the U.S. and European automotive industries go onto short-time in response to falling demand. Even Lucas Electrical, in calling for a cut of 3,000 in its labour force, pointed to the problem of competing in overseas markets.

The UK components industry, with little else to give it cheer, can at least look to the October launch of the Metro with the hope that BL will be made that

Arthur Smith

# From start to finish on the Mini-Metro production line, Ace elec-

trical and electronic systems are in control. Ace designed and installed the software and hardware content for the complete monitoring of welding current, ensuring co sistency of welds on the Metro floor also designed and installed the electrical control system for the undercoating paint process, and the control panel for the compressor house. Many of the panels controlling con-

veyor systems were designed and built by Ace, as was the welding coolant water pump control sanel in Longbridge's West Works. For the provision facilities monitoring which allows for the cog muous reed back of management. information, Leyland frought in Ace at the project's design stage and both to install the transmission programs nd undertake development colour graphic displays. rom design to installation,

in fact, Ace Controls.

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# **BEST WISHES TO BL CARS** FOR SUCCESS WITH THE **MINI METRO**

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# Over £200m invested in new equipment

THE £275m INVESTMENT in grammable logic controllers, experience in a similar field. of which more than £200m has developed in conjunction with handling into FATA. been for equipment alone, BL. represented one of the biggest

engineering in the past decade. BL's requirements of its potential suppliers were stringent from the financial, technical and delivery points of view. It was well known that BL did not have limitless supplies of cash. It had entered the market late for this type of car, so it had to be assured that the whole project would be working within the shortest possible time, within the limits imposed by getting it technically right first But above all, BL was entering the arena of using particularly sophisticated equipment, much of it requiring the suppliers to make a technical

The equipment industry, on the other hand, had enjoyed fewer opportunities for keeping up to date than the Continental competitors who have been supplying their expanding motor industries. The industry had shrung in the absence of orders, with the result that it could not meet all of BL's requirements within the time

BL's policy

Nevertheless, BL says that 80 to 85 per cent of the equipment ordered for the Metro is British. BL's policy is to "buy British" where possible, as long as the specification, price and delivery matches those of foreign competitors. In some areas of equipment for the Metro, this not possible. significantly, this applied to the multiwelders supplied by the German company, Kuka, which are used for welding together the three principal the three principal panel assemblies used for the Metro underfloor, the whole job performed in one operation.

The complex machines are controlled by a series of programmable logic controllers which monitor the sequence of wide group with manufacture. The Sciaky autobody-framing lines, supplied from France, are the other major exception to the British rule. These incorporate series of four multi-welding stations which determine the critical dimensions of the body and perform key spot welding operations. Both Kuka and Sciaky have supplied similar welding complexes to Conmotor manufacturers. and it was undoubtedly the the proven ability of these installations which decided BL in going abroad. Some of the sub-contract work however, was done in the UK. In the case of Kuka, this amounted to 15 per cent of the final equip-

welding British machinery specialists. British Federal (part of the Laird Group). has supplied four body side assembly lines. These are controlled

new and improved production and the system incorporates an Babcock and Wilcox has since facilities for the Metro project, electronic weld control system decided to absorb Jenkius unit-

Mr. Duncan Ewan, managing director of British Federal, says the Metro project has provided a tremendous impetus for British industry. It was imperative that we could show the world that we still had the skills for the design and manufacture of such systems." British Federal's contract

with BL was worth £2.5m. The company also tendered unsuccessfully for the welding complexes which went to Kuka and Sciaky, its main drawback being that it did not have the capacity to meet BL's strict delivery schedule. VS Engineering, another British company, has also supplied sophisticated welding equipment on the pro-

The new West Works body factory at Longbridge is where much of the advanced technology on the Metro is concen-As well as advances in welding, the factory has impressive storage and handling facilities. The body panels storage "warehouse" (which is complemented by the painted body stores in the main Longbridge plant) has been designed and constructed by Jenkins of Retford.

The warehouse (controlled by seven mini-computers) comprises automated narrow-aisle cranes which can reach any of the 3,000 storage ranks and pallets within 57 Automated warehousdeliver seconds. been slow to gain acceptance in Britain, and there are few British companies which can put together a facility such as the one at Longbridge.

The project undoubtedly had a beneficial effect on this key area of handling, but it has turned out to be one of the last major unit-handling projects for Jenkins. The company is owned by Babcock and Wilcox, which also owns FATA, a European-

head conveyors in the new West Works—a contract worth £4m. Much of the interest on the Metro's production facilities has already centred on the extensive use of welding robots. The robot industry was in its infancy when the Metro project received the go-ahead, but since then, Unimation, which has supplied 28 robots, has decided to assemble robots in Britain Two other robots have been supplied by ASEA of Sweden.

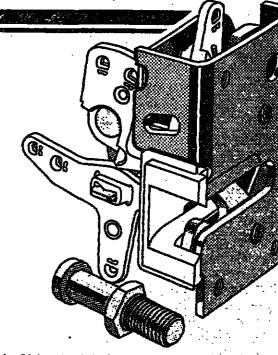
The machine tool require-ments have been met mostly in the UK. Although they are mostly conventional machines, BL's orders have provided substantial work

Some respite

Re-equipment by the motor industry is vitally important to the machine tool industry. As other areas of equipment, it has been the relatively low rate of investment by motor manufacturers in the UK over the past decade which has contri-buted to the decline in the size of the machine tool indus-try. The Metro project has provided at least some respite from an otherwise gloomy scene for this industry, and for other areas of process plant. As well as the major pieces of equipment, the Metro project

provided work for many other areas of engineering, such as compressed air equipment air handling equipment, and constructional steelwork. But for some parts of industry, the project came too late to prevent the contraction which lack of orders had enforced. There are export opportunities, of course, and many machine tool companies, for example, have benefited from the heavy investment programmes by the American motor industry. But they will all agree that there is no substitute for a healthy home market.

Hazel Duffy



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# Merger policy: a slight flexing of the muscles

BY A. H. HERMANN

AT LONG last the British Government seems to have made up its mind about merger policy. As John Nott, the Trade Secretary, indicated in his longawaited statement on mergers cariler this month, it is to remain flexible, but more sceptical of mergers which reduce competition and do not contri-bute to the efficiency of management. The new policy also offers further protection to small companies against predatory bids and will facilitate denergers by changes in the tax

But the tougher stance on mergers is not likely to be too ough. There may be a few more references to the Monopolies and Mergers Commission of conglomerate mergers but not It has been held that the tax

system has encouraged mergers and has contributed to the pace of integration. This has led to the doubling of the share of the largest British companies in country's manufacturing output during the past 30 years. These companies now account for about half of manufacturing employment. Their investment funds are allocated internally. which is theoretically a bad thing since it shields weak projects from the scrutiny of the market. But this objection has little validity in the present British situation, where the market is at the mercy of fund

HES TO BLE

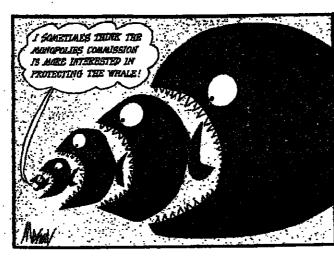
imbued with a spirit of competition than a flock of sheep. Indeed, there may be more competition between the subdiaries of a large group than between two separate combines. But this internal competition is unlikely to promote the radical structural changes which the country's economy may need as a result of technological, social or international developments. In view of the mainly financial motives which in Britain

managers who are no more

have brought about a concentra-tion of industry which is probably greater than in any country of comparable size, it is not surprising that a spirit of adventure is absent from many mergers. The Vickers and Rolls-Royce Motors engagement is typical of this. In vain does one look for

a vision of new products or new markets or the prospect of a progenity of specialised subsidiaries which would carry the combined expertise of parents into new fields. More prosaically, Rolls-Royce Motors meeos me money which vickers may soon receive in compensation for its nationalised aircraft and shipbuilding operations and and shipbuilding operations are shippuilding operations. Vickers needs to replace these

tion can probably only be re-moved by a reform of the tax system. But the new, more active merger policy of the Government underlines the need for a better understanding of the scope of antitrust measures the direct control of concentra- tor General of Fair Trading that



Commission (MMC) have resulted in the prevention of at least 30 significant mergers.

However, no clear merger policy has been evident. Neither government officials concerned with these matters nor captains of industry seemed to know what it was the Government wanted to do in this important area of economic management.

In the UK the law gives the merger the benefit of the doubt; it can be stopped only if proved "against the public inconsultative document on monoand lay down non-statutory guidelines calling for a "critical" assessment of all mergers the that would have a significant effect on competition or economic power. The Fair Trading certain Act 1973 was to be amended to oblige the MMC to determine "public interest" by balancing detriment of reduced competition in one hand, and the improvement in the international competitiveness of industry in

The first two of these recommendations seem now to be accepted, though with a fine difference in emphasis which suggests that the Government is less critical of mergers than Liesner's Committee was.

to £5m fair game for acquisitors. by applying controls only from this level upwards. In March 1980 the Government raised this threshold of control to £15m.

On two occasions in 1979-in the cases of Thorn's bid for EMI and Calor Gas' bid for Glocasthe Government rejected the recommendations of the Direc-

the power to stop mergers since GEC's bid for Averys, Merck's 1965, and in the past 15 years bid for Alginate (AlL), and over 50 merger references to FMC Corporation's bid for the the Monopolies and Mergers same target company. In addition, there were two references of Press mergers which cannot

> approval-one was approved. The three industrial merger references represent only little more than 1 per cent of the 1979 merger projects falling under the Fair Trading Act, and less than half a per cent of the total of 534 industrial and commercial mergers reported in that year. Moreover the attitude of the MMC has been consistently

be effected without Government

It found that none of the terest," so that the Government three mergers referred to it in has an almost completely free 1979, nor the Lonrho bid for The 1978 Hans Liesner SUITS referred to it earlier, were likely to operate against polies and merger policy (Cmnd. the public interest. It was 7198) proposed that merger unanimous in not finding policy should be shifted from against the proposed acquisition in not finding favourable" to "neutral." It of SUITS by Lonrho, and the proposed that the Government resulting prospect of a merger should explain the new policy between Lonrho and the House In the Merk/AIL of Fraser. In the Merk/AIL case the MMC recognised that mergers could have "adverse consequences AIL's employees in Scotland in circumstances," hought they would make maintenance of employment thought in Scotland more secure "-apparently contradictory obser-

## Wisdom

Of particular interest, in view the controversial role of financial resources in conglomerate mergers, was the MMC's "in principle yes, in practice no " wisdom displayed in the GEC/Averys report: But much has still to be done "Theoretically, it would be to translate the new philosophy to t supply of Averys' goods and services, in order to reduce or eliminate the existing competition. In practice the Commission did not think this would be likely to happen, and GEC had told the Commission that with sales of more than DM 1bn. it would have no such inten-

It would, of course, be wrong to conclude that merger control had no restraining effect ticularly in areas where small whatsoever. One is told that and medium-sized industries are tions invented in the U.S. and practised most notably there and in Germany.

British Governments have had

tations with the Office of Fair Trading (OFT) and the Department of Trade. But the deterrent has been used with moderation, as is evident from the OFT Report for 1979; of the 257 companies acquired in 1979 and subject to control, 22 acquisitions achieved a market share of 25 per cent or more. Half the 257 mergers were of the horizontal type. 18 were vertical and a full 107 were conglomerate mergers—a pro-portion which underlines the

This year the pace of references has quickened. On February 1 the MMC was asked to report on the £80m bid of Hiram Walker, a Canadian distillery, for Highland Distilleries. A month later followed the reference of a conglomerate merger project, the acquisition for £33m of Armitage Shanks, the sanitary-ware makers, by Blue Circle Cement. Finally, in June, the S. and W. Berisford takeover bid for the British Sugar Corporation was referred to the MMC.

importance of financial con-

siderations in merger decisions.

John Knott indicated in his speech that it is not proposed to adopt the philosophy of U.S. Anti-trust controls which are burdened with a good deal of religious fervour. Concerned mainly with an enormous domestic market, this philosophy egocentric and absolutist; anything which reduces competition in the U.S. domestic market is believed to be essentially

Under the influence of the post-war U.S. occupation, Japan and Germany adopted the concepts of American antitrust controls. Since then Japan has all but discarded the faith, but Germany continues to profess the undiluted creed and has recently tightened up the control of mergers and monopolies.

However, it must not be forgotten that German business has great capacity for undercover co-ordination" and restrictive practices. The hold which the German universal banks have on industry, the system of one union per industry, as well as generous government aid for industrial restructuring, com-bined with relatively high worker mobility, provide a unique background which softens the impact of the rigorous Federal

Cartel Office. Even with this reservation. important measures have been taken in Germany for the protection of small and mediumsized industries against larger predators. The fourth revision of the

Competition German in February, 1980, from DM 50m to adopted DM 40m the turnover ceiling of enterprises which can be freely acquired by companies

The revised statute also intro duces limits to market domination which hit conglomerate and still important.

Other provisions are designed

This advertisement appe as a matter of record only

to stop existing oligopolies from getting stronger through firms the doctrine that the superior resources of the acquiring enterprise may undesirably increase the market power of the target company. The doc-trine was formulated by the Federal Supreme Court when it banned the acquisition of Sachs

While mergers satisfying the statutory requirements of size and market share may be prohibited in the UK if they are likely to operate against the public interest, in Germany such mergers must be prohibited if found to be anti-competitive. They may only be reprieved by the Government on the grounds of overwhelming public in-

The German system is strict, legalistic but highly predictable, and provides effective protection to those industries composed of small and medium-sized enterprises against penetration of giant companies.

In comparison with both the U.S. and German models. the IJK system of merger controleven given the new, stricter policy-appears weak, flexible unpredictable. So why should it be any different?

This is not a question for competition experts. Competition must be considered as part economic strategy and this, in its turn, must be shaped to satisfy social and political aims. For this reason the belief that anything which restricts com-petition is in itself absolutely evil has never been accepted in

A sacrifice of competition at home may increase competitive-ness internationally. Not only accession to the EEC but also Britain's adherence to GATT since 1948 and the gradual worldwide reduction of tariffs. have changed and expanded the markets in which British industry operates.

While the need to compete internationally argues for large powerful groups, the need to avoid starving whole regions of employment makes it imperative to ensure the survival of smaller enterprises. Their survival appears essential if the economy is to retain the flexibility to adapt to the rapid changes in markets dictated by the equally rapid changes in

Put a little organisation IT IS increasingly evident from applies a financial yardstick predominantly retail. Legal prothe responses of small business- rather than that of the number tection has been sought for the

to seek advice on a variety of questions concerning finance, exporting and a host of other matters. All too often, it seems, they

assistance they can get from their bank, accountant and other professional advisers, but also those organisations that exist to represent them-the chambers of commerce and the various federations and associa-

Firms Centre is aiming particularly to plug the gap by the simple means of a guide, called "Which Voice?" to the major organisations. entirely comprehensive, it embraces all the key institutes, associations and federations.

Leicestershire Small

The organisations themselves have provided material on the services they offer and some have also highlighted examples of the way in which they operate to the benefit of small firms.

The Association of Independent Businesses, which claims to be the "voice of Britain's independents," and

into your life

men at conferences, seminars of employees in admitting com- name "chamber of commerce," and other meetings that a major panies to membership, does not as it has been with most of its problem they still face is where miss the opportunity to take European partners, "but so far to seek advice on a variety of another of its regular swipes at to no avail." business legislation. The statute book, it suggests.

"a spaghetti junction of employment laws, company are unaware not only of the laws and rules and regulations on everything from exits to production statistics." National Federation of Self Employed and Small Business

tells how it sprang to the aid of two small businessmen in their battles with Customs and Excise over Value Added Tax—described by the federation as certainly one of the major problems of the small man." But the federation also points out that VAT is just one of Though not more than 100 different issues rehensive, it with which it has concerned itself on membership. behalf of

The Association of British Chambers of Commerce, addition to explaining services it provides, points out some of the problems that exist regarding the constitution of the various chambers. Some, it says, could more appropriately be described as "chambers of which trade" as their membership is

The CBI's director for smaller firms reflects on how the involvement of big companies in such business-generating bodies as the London Enterprise: Agency, Action Resource Centre and the Small Industries Group, are not philanthropic gestures. but sound commercial practice. "Large firms are only too aware of the growing interdependence of the modern economy," he says.

Though there are one or two examples of the frequent claim by individual small businessorganisations that they are much better equipped than any of the others to represent small firms. the guide generallyshows how each has its ownparticular part to play.

The guide is available from the Leicestershire Small Firms Centre-which is a Leicester Polytechnic and Leicestershire. County Council joint venture at 8, St. Martins, Leicester LE1

Nicholas Leslie

BY OUR LEGAL STAFF

BUSINESS PROBLEMS

#### Offer priority

If holding company "A" goes into voluntary liquida-tion and sells its 90 per cent shareholding in company who has preference in the purchase of the shares: the majority shareholder of holding company "A" who has only one share in company "B" or the majority share-holder of company "B" who owns the remainder of the shares in company "B"?

The answers to your questions depend on the terms of the Articles of Association of company B. The articles probably provide for shares to be offered

to other members of the company first, so the question would be whether they must be offered pro-rata. In the absence of express direction in that respect it is likely that the articles would be construed to give the right pro-rata, but we can only form a proper view after considering the full Articles of Association.

#### **Lxcise** licence

A friend and I have recently set up a small limited company (a close company) whose principal business is to he the merchanting of wine. primarily but not exclusively to shareholders in the company (who number about 40). Our solicitor seems unsure as to whether the particular nature of our requires us to obtain any kind of licence. Could yo uplease advise me?

Assuming that you are not offering credit terms (which might bring you within the Consumer Credit Act 1974), the only licence you might require is an excise licence (i.e. for sale by wholesale). You should enquire of the Commissioners. for Customs and Excise.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns.

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New Issue July 30, 1980

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# The decimation of UK industry

BY ANATOLE KALETSKY

shift in the whole balance of 10 the service sector. the economy. The effects of this structural transformation are readily visible in the latest production statistics, which showed an eight per cent drop in manufacturing output in the summer—close enough to the strict meaning of "decimation" to justify this word as a description of what is happening.

It would, perhaps, be an exaggeration to infer from his speech that the Chancellor actually applauds the decimation of manufacturing produc-tion. He was, strictly speaking. referring to a shift in manufacturing employment, rather than output. In principle it would be possible for manufacturing employment to fall sharply even while output was rising, since great scope undoubtedly exists in British industry for productivity improvements.

#### New way

However, a new way of uggling with economic identities has been catching on recently in government circles. appeal to the intellectuals in the Cabinet because it confines true by definition, suggests that the Chancellor may, indeed. regard a decline in manu- and Forsyth argument, in comfacturing production not as an mon with some of the Govern-Britain is extracting the fullest obvious feature of economic possible benefit from its North reality. Plenty of resources are

that, if oil production provides further cuts in manufacturing a genuine boost to Britain's employment are needed to living standards, the income release scarce resources for the from it will be spent not on buy- non-service sector.

The decimation of Britain's ing more oil, but on other goods manufacturing industry is now and services. Now, while it is official Covernment policy. On possible to buy manufactured Tuesday of last week the goods from other countries, Chancellor explicitly stated his most services are not interbelief that a fall in manu- nationally traded. Thus oil can facturing employment was an be converted directly into manuinevitable result of rising North factured goods and this occurs Sea oil production. The relative when the exchange rate rises. decline of the manufacturing But the extra demand for nonsector is not just a temporary traded services has to be met consequence of a passing within Britain and this can be crisis, but part of a long-term done only by transferring reand by implications. and, by implication, desirable sources from the manufacturing

Unfortunately this comforting theory has two serious lacunae. which make it a dangerous basis for Government policy. As North Sea oil begins to run out. the same argument can be stood twelve months up to the early on its head to show that Britain cess of reindustrialisation, involving a massive shift of resources back to the exporting, manufacturing sector, to com-pensate for shrinking oil exports. Admittedly, the authors produce a fascinating calcula-tion which shows that, if half sume the equivalent of the other half of North Sea production into the indefinite future.

ing output that consumption of

the remaining revenues might hring with it. In fact, of course, the collapse of domestic invest-This new "theory" which may of foreign capital into Britain ment and the large net inflows created by the present peculiar blend of fiscal and monetary itself to relationships that are policy, are both pushing in the opposite direction.

evil-not even a necessary evil ment's other theoretical pre--but as a welcome sign that cepts, assumes away the most available in Britain to allow for This theory has been put for- the long-term expansion of both ward by John Kay and P. J. the service and the manufactur-Forsyth in the latest issue of ing sectors simultaneously. As Fiscal Studies and was described unemployment rises above 2m in detail by Samuel Brittan in it will become increasingly these pages. The central point is extraordinary to suggest that

the oil revenues were invested at a real return of 3 per cent. Britain could continue to con-But only after there is evidence that investment is actually taking place at an adequate rate to spread the benefits of oil well into the future, will there be any room for complacency about the modest reduction in manufactur-

More fundamentally, the Kay

# Plants for Mediterranean climes

clouds, perhaps the European Mediterranean gardeners, to found myself thinking hard in the past week for myself and others on plants which would some of these ideas, even for determined Englanders.

If you have large flower pots. mention, you can add a Mediter- rosemary is in predictable ranean crown to your solidly- varieties. based match of flowers and ground plan.

Here or on site, a garden of Mediterranean style has to begin with the theme of aromatic shrubs, the local
"Maquis." Over the past three
years, I have lost my best representatives of this, and I envy those of you with warm or London gardens. Rosemary, cistus and lavender are the base plants, rounded off by good convolvulus and some sensible myrtles. I set out with all these plants six years ago and only have the toughest of the more exotic cistus left, the one called Cyprius which has white blotched flowers at quite a which has white beight.

Against a hotter south wall or in a warm West Country or move it in on your next visit. called Halimiocistus, a shrub coastal garden. I would like to Put it on the top of a low dry which you should hurry to buy

stirring here recently. I have ing. In France, especially, they allow it to tail off into a bed Pinnato. The advantage of this the centre and of the grey-leaved Cotton one is its long and repeated maroon-brown outsi Lavender. or Santolina, which season of flower. It is not for white background. go best in Mediterranean has to be clipped mercilessly Britain, I fear, but its scented gardens. It is worth passing on every year. Its fuzz of grey and touthed leaves are every year. Its fuzz of grey and toothed leaves are a good leaves is then quite handsome, match for the lavender-mauve or but they smell too pungent if sweep of flowers throughout Hilliers of Winchester sells it. you brush against them, and the high summer. It is excellent in south walls or a cold house in flowers are not affractive. Their a holiday home. which to winter some of the other types of lavender are quick-growing plants I shall often unadventurous and the

> There is a feeling to it all that the owner is simply filling space and enjoying the surrounding olives and oranges. A warm site. I feel, deserves better.

can buy and grow this in warm sell it, and if you happen to spectacular show, however, year and can be wintered in a have a warm home, I would comes in the hybrid-branch line pot indoors. The grittier the

rounded form.

themes which have been my eye, have a way of making if you are beyond the reaches this sort of planting rather bor- of sharp frost, try adding some bushes of a lavender called

It is a fine pair to lavender, two of upright resemery. and I hope you will take the hint. I miss my plants of it

#### **GARDENS TODAY**

BY ROBIN LANE FOX

For a start, it deserves the emigrating for the sake of the has removed from sight. excellent purple form of cistus. One summer I had some Something of the same effect lavender called Stoechas. You splendid forms, all of which of flowers like saucers can be corners of Britain, but too few 1979. I have seldom seen them people know it, none the less. well used in warm gardens which flowers are topped by could suit them. The low, bracts or upright ears, as if on shrubby Lusitanicus decumbens a stalk of corn. They give the is the pick of the white and effect of purple and black blotched forms and can be together. The whole plant amassed charmingly on a dry grows quite low and is easy in any light soil, which is not at all damp or cold in winter. when in flower, and is any light soil, which is not at pool. It is about two feet high in most of England, it is not all damp or cold in winter, when in flower, and is fully hardy, but young plants some refined form of filac. They Quite a few southern nurseries pleasantly scented. The most make a good show in their first are not too tender and out it and if you happen to speciacular show, however, year and can be wintered in a to be tried far more often in the control of the

I have sometimes felt like which a wind blowing due north

Something of the same effect vanished in the winter of 1978- enjoyed quite safely in the

> year and can be wintered in a to be tried far more often in with these fine and beathful pot indoors. The grittier the Mediterranean gardens tender plants, the problems ground the more silver the Myrtles, of course, are the seem small in this finlest of leaves. In Italy, I have seen this genus of any warm place and all English summers.

the other year in Majorca, where grey leaved shrubs and a bush pointed flowers runs wild under

the elives. These and other garden varieties can be kept company by the slate-blue flowers of the North African form called Mouretanicus, the aristocrat of the harmless bindweeds with its autumn show of satin flowers over wide flapped mats. None of these finer flowers is a

Against this basic "Maquis" I would go for the scent from the heavy white trumpets of double-flowered Daturos and the own inland garden. Down south, early blessom of oranges and they would have run riot, be-lemens. I would branch out, side the richest South African too, into the large Caribbean daisies the Gazonias and other small forms of garden convolvulus. I promise that these are
not weeds. I think that a
Spanish one called Cneorum is
the finest small silver-leaved
shrub in the garden, though I
wish that I knew how best to
wish that I knew how best to
seems feathery under them like
seems feathery under them like
strap bouts of winter climate.

PERHAPS IT is the recent hint see my original choices back in wall and it will make a fine even if you have a warm and lovely plant massed all down of a proper summer behind the the front line.

Communis tarentina, low-graw-chalky slope in south England. front banks beside the entrance chalky slope in south England. The first and white-flowered, would be the first and white-flowered. The Wintonensis variety is to a house. The pink and white ing and white-flowered, would special, covering its low mounds flowers are a natural match for beat any other evergreen for of evergreen leaves with open the sieely-silver leaves one of a small Mediterranean hedge. the centre and ringed with nature. There are others under the plants will grow in sun or maroon-brown outside on a pure valued by gardeness. maroon-brown outside on a pure valued by gardeners, as I felt shade, down a slope of right on a cliff or the beach's edge. In pink convolvulus with elegantly England, I lost my two plants of these two in 1978 just as they had started to flower well.

The sweetest of all jasmines, the white polyanthus, could run up the walls behind it. This is the one which you can prune very hard and train in a pot indoors in England. Where frost permits, it is astonishingly free with its clusters of flowers. outdoors, the mainstay of the best sort of Italian patio where it grows beside the vines on a simple trellis.

Almost every plant I mention has lingered for a while in my they would have run riot, be-But beside by own experience

# Posse looks a good investment

a maiden, looks the logical Stakes.

The beautifully bred Forli

RACING BY DOMINIC WIGAN

ment with a fluent victory in the St. James's Palace Stakes just 24 hours after the successful bid. Tracking the leaders until

well into the straight. Posse found no trouble in overhauling first Dalsaan, and then that colt's stable companion, Final

was hought for film by Souren anything but a fast surface, challenge from Tax Haven. Vanain while the horse was still nothing can be taken away from Posse's performance, for he answer to today's Sussex could hardly have won in better style.

With Kris, last year's winchestnut, who will take up ner. having to miss today's by Pushy in the Queen Mary duties as a stallion at Vanain's race because of the lameness Stakes. Derisley Wood stud in the which has prevented him from spring, justified that invest-racing since that unimpressive Newbury success, the Royal Ascot principals should have Miracle, a stablemate of Tax the finish to themselves. Haven in the Richmond Stakes. the finish to themselves.

Another subject of a substantial bloodstock transaction Moores Miracle was eased by before a rewarding Ascot Lester Piggott inside the final victory was Chummy's Special. furlong of the Ballymore The two-year-old, who is now Stakes at York, as he cruised The two-year-old, who is now racing in Mr. Jack Maxwell's colours rather than those of Mr. Chummy Gaventa. justified his new owner's hopes with a half-length success in the Noriolk Stakes.

Battling all the way to the line after overhauling Pontin Straw. Although Final Straw Lad 13 furlongs out, Chummy's

Adventures of Rupert Bear.

12.10 pm Rainbow, 12.30 About

Court. 2.00 Live from Two. 3.00

12.15 am Close: Personal choice

All IBA Regions as London except at the following times:-

**ANGLIA** 

10.50 am Call it Macaron. 11.15
The Beachcomberg, 11.40 Cartoon Time.
12.30 pm An Exceptional Child. 1.20
Auglia News 7.00 About Angha.
12.15 am The Big Ouestion.

ATV

BORDER

10.50 am The Jazz Scrios 11.15
Clus Club 11.35 The Count of Monte
Cristo. 12.30 pm An Exceptional Child.
7.00 Look-around Wednesday, 12.10 am
Border News Summary.

10 50 am The Stationary Ark, 11 10 The Mackenzie Affair, 12,30 pm Against the Wind, 1,20 ATV Newsdesk, 7,00 ATV Today including Police Five, 12,15

with Michael Burrell.

Olympics 'SO. 5.50 News.

10.00 News.

am Newsdesk.

6.00 Olympics '80.

9.00 Olympics '80.

10.30 Best Sellers.

7.00 Thames News. 7.30 Coronation Street.

8.00 Sounding Brass.

Although the colt. trained by Gavin Hunter, won strictly on merit, it is worth noting that his time compared extremely unfavourably with that clocked

On the face of things, it will come as a surprise if Chummy's Special can deal with More's In his only race to date. home ahead of Chantry Bay.

> GOODWOOD 2.00-To-Agori Mou\*\* 2.30—Moores Miracle\*\*\* 3.00—Athford

3.40—Posse\* 4.15—Hanu 4.45-Merciless King

HTV

HTV CYMRU/WALES—As HTV West/ HTV General Service except:—11.55 am-12.10 pm Flaisbelam. 1.20 Penawdau Newyddion Y Dydd. 1.25-1.30 Report Vlales Hotdlines. 7.00 Y Dydd. 7.15-7.30 Report Wales.

SCOTTISH

**SOUTHERN** 

11.05 Animated Classics. 11.50 tional Child, 1.20 Granada Reports

12.10 pm Rainbow, 12.30 About Popeys, 12.30 pm Against the Wind. 1.20 Thames News, 1.30 Crown 1.20 Report West Headlines, 7.00 Court, 2.00 Live from Two, 3.00 Report West, 10.20 HTV News.

Between the Tides. 12.00 The 7.00 Granada Reports.

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redetta premiaza. Tomor. Sat & Mon
5.00: Der Rosenkavaller, Fri 5.30. Sun
4.30: Die Zauberfote. Train departs
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1672. CC 837 3056-7505. D'OYLY
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Ichight The Sorcer, Tomer. Fri & 30.
The Yeomen of the Guard. From Aug
18: MARCEL MARCEAU

ADELPHI. CC. 01-836 7611, Evgs. at 7.3 Sat 4.00 and 7.45. Mats. Thurs. at 1.0 TONY BRITTON. LIZ ROBERTSOP PETER BAYLISS & ANNA NEAGLE THE WORLD'S GREATEST MUSICAL M FAIR LADY. Group booking ring 01-83 7358 or 01-379 6661.

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CRAVEN IN SOME by NEIL SIMON.

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ALBERY. S. From 9. am. 01-836 3878. CC 379 6565. Group bkgs. 836 3962 or 379 6061. Air cond. Eys. 7.45. Mats. Thurs 8. Sat. 4. OLIVER! CHILD HALF-PRICE

16.50 am Call it Macaroni. 11.10
Westside Medical. 12.30 pm An
Exceptional Child. 1.20 News and
Road and Weather. 7.00 Scotland
Today News and High Summer Extra.
12.15 am Late Call.

10.50 am New Forest Show (live coverage from Brockenhurst). 12.30 pm An Exceptional Child. 1.20 Southern News. 7.00 Day by Day. 7.00 Scene Midweek (South East Area only). 10.35 First Edition. 11.20 S.W.A.T. TYNE TEES

9.20 am The Good Word followed by North East News, 10.50 The Nature of Times, 11.50 Cartoon Time, 12.30 pm An Exceptional Child, 1.20 North East News and Where the Jobs Aro. 7.00 Northern Life, 10.38 North East News, 12.15 am Time Flies in Filey.

ULSTER 10.50 am The Jazz Serios. 11.15
Untumed World. 11.40 Cartoon Time.
1.20 pm Lunchtime. 2.58 Ulster News.
Headlines. 7.00 Ulster Television News.
7.15 Want a Job? 12.15 am Bedtimo.

WESTWARD WESTWARD

10.50 am The Jazz Series (George Chisholm). 11.15 Kum Kum. 11.40 Larry the Lamb in Toytown. 12.27 pm Gus Honeybun's Birthdays. 12.30 An Exceptional Child. 1.20 Westward News Headlines. 7.00 Westward Late News. 12.15 am Faith For Life. 12.20 West Country Weather and Shipping Forecast.

YORKSHIRE 10 50 am The Count of Monte Cristo. 11.10 Call it Micarem 11.35 Our Little Town. 12.30 pm Out of Town. 1.20 Calendar News. 7.00 Calendar (Emley Moor and Belmont editions). 12.15 am

AMBASSADORS TH. S. 836 1171, CC 378 6565. Eves. B. Fri. & Sat. 6.00 & 8.40 sharpi HAROLD PINTER THE HOT-HOUSE. APOLLO THEATRE. S. CC. 01-437 2663.
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GLENDA JACKSON ROSE A new play
by Androw Davies: Eves. 8.00. Mat.
Wed. 3.00. Sat. 5.00. Over 150 totally
sold out performances. Seats available
for today at Theatre. Must end Aug. 30th WAREHOUSE. Donmar Theetre. Covent Garden, S. Boy Office 636 6808. ROYAL SHAKESPARKE COMPANY TON'T FAIR THE SUILCIDE TON'T ON NICOLAI Erdman'S THE SUILCIDE OF TON TON THE SUILCIDE TON THE SUILCIDE TON TON THE SUILCIDE TON TON TON THE SUILCIDE TON TON TON THE SUILCIDE TON TON THE SUILCIDE TON TON THE SUILCIDE TON TON TON THE SUILCIDE TON TON THE SUILCIDE TON THE FORTUNE S. CC. 01-836 2238. Evez. 730 Weds. 2:30. 53t. 4:00 and E.00. JAMES AUBREY and PATRICK MAGEE in Marlowe's Masterpiece DR. FAUSTUS. Now quer 100 performances. Whitehall Theatre, 01-930 7765, CC. Prol. Raymood preprils FIDNA RECH-MOND and a Redult of Beautes in MOI NO PYJAMAS! Featuring Men. Only Magazine's Sensational Playmates of the Year. Eves. 8.30. Frl. Sat. 6.15 8.45. GARRICK, CC. 01-836 4501, Evgs. 8.00 tsharol. Frl. and Sal. 5.30 and 8.30, ira Levin's DEATHTRAP. WINDMILL, CC. 01-437 5312. Twice rightly at 5.00 and 10.00. Suns 6.00 and 30.00. Suns 6.00 and 50.00 presents RIP OFF. Heater than ever 10 1980. The creatic experience of the modern era. Fifth great year.

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MAYMARKET, Theatre Royal, CC. 01-830
9832, Eves. 7.45. Wed. 2.30. Seb. 4.30
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LYRIC HAMMERSMITH. CC. 01-741 2311 THE BEGGAR'S OPERA by John Gay. From 19 Aug. Booking now open. West End Box Office. 110 Charing Cross Road. WESTERN THEATRE S DES 2252.

CLIVIER (0220 Stage) Today 2.35 (100 price mail 6 7.30 SISTERLY FEELINGS new Comedy by Alan Archbourn Imat Abigail-Races ew "chance" perf), Tomper 7,15 (note carly start) OTHELLO, TOMOT 7.45 THE ELEPHANT MAN by Bernard Pomerance. Tomor 7.35 TME ELEPHANT MAN by Bernard Pomerance.

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L. Stedent Standay ST. 201: For'L Tomor

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OLD VIC. S. 928 7616. CC 251 1821. I MAVE 62EM MERE BEFORE by J. B. Priestley. Opens fon't 7 pm. From formor cvgs. 7.50. mats 9, 16, 23 Aug. 2.30.

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CURZIAN, Curson Street, W1, 498 3737.
From the Producers of Parsion Mon-Action Courage Fityobas (AA), With ACAN, COURAGE FITYOBAS (AA), With ACAN, ROCHFORT and CATHERINE DENEUVE REspirals sub-titles Procs, at 2,00 (not Sen.), 4.10, 6.20 and 8.40.

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THE STAR WARS Sape condities with rest EMPHRE STRIKES BACK (U.) in 70mm and Dolby Sound. Sep. pross. Drs. Open Div. 12.00. 2.48: 7.30. All Sentendry Re Booked in Advance All Thesis May Re Booked in Advance All Thesis

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TYS has outlined the others because of a policy of fair play and value for modely. Support from 10-3-30 am. Disco and too musicians, apartoness businesses, excline or porsbows, 189, Regent 9, 754 0557. GARGOYLE 61. Dean Street, London, W1.
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MALL GALLERIES, The Mail, SW1. Society of Wildlife Artists 17th Ethibi-tion, Mon.-Fr. 10-5: Sets. 10-1. Until August 11. Adm, Sop. MARLBOROUGH GALLERY, 8, Albertain S2, W11. Important works by AUER. BACH, BACON. BRAQUE. ERMEST FEININGER. HEPWORTH. KITAJ MOORE, SCIELE, SCHWITTERS, SUTHER-LAND, until 29 Aug. Mon.-Fri., 10-5-50. Sats., 10-12-30.

MATHAF GALLERY, 24, Asokrombe Street, London, SW1, 235 8010. Exhibition of Contemporary paintings of Kowak, Oman and Saudi Arabia.

ABC 1 & 2 SHAFTESHRY AVE ASS 8861. Open this evening for INVITATION GALA PREMITER Allan CAPT'S CAN'T STOP THE MUSIC (Ab. Both theatres doors open 7.50 Peris. 6.18. From Tomogrow Sop Peris. ALL SEATS BIRSLE. 7: CAN'T STOP THE MUSIC (A). Kremmen The Monte (A). Wk. & Sun: 1.50. 5.00. 8.00. PARKIN GALLERY, 11, Moscomb SW1, 235 B164, 9RITISH 1890-1950. Until 27 September. Major Victoriah Paintings. 6. Duke Streak, 51, Jemes V. Monday to Friday 10-5. Kreumen The Movie (A). Wk. & Sun: 1.50. 5.00. 8.00. 2: NIJINSKY (AA). Wk. & Sun. 1.45, 4.40, 8.00.

MALL GALLERIES, The Mail, Surf., Medical Art Society, Mon.-Frt. 10-5. Sats. 10-1. Until August 4. Adm. Free.

25.00

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IV/Radio

9.00 News. 9.25 Scruples.

10.55 Cash from Trash: Report into the profits which can refuse.

All Regions as BBC 1 except as follows:

Wales Today Bulletin. 7.50-8.10 Heddiw. 11.45 News and Weather

(Ultra high frequency only). 9.15 Noah and Nelly in Skylark 9.20 Jackanory. 9.35 Jigsaw. 10.00 Why Don't You? 19.25-12,45 pm Cricket: The Gillette Cup Quarter-finals, 1.15 News. How Do You Do. 1.45 Cricket: Gillette Cup. 2.55 Olympic Grandstand.

8.10 The British Greats (1)

5.40 News.

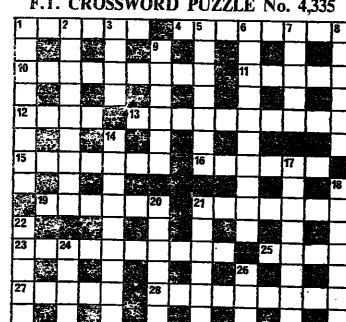
be made by recycling 11.45 Weather/Regional News.

BBC Cymru/Wales-7.45 pm

5.50 Olympic Grandstand (con. for Wales. F.T. CROSSWORD PUZZLE No. 4,335

BBC 1

Scotland-1.10-1.15 pm The



ACROSS 1 Ask for a single? Get away! 4 Clergyman and fellow have 7 rested (8) 10 Magnificent bang from bridge (5, 4)

11 Bluster in confused riots (5) 12 Doctor on a satellite (4) 13 Continuing to flirt (8-2) 15 Extend a prison sentence (7) 17 Speak in the highest degree 16 Pass our shade (6)

21 Nude sat awkwardly and was 20 Expel an assembly (43) 23 Everybody with ego stand 99 Mounted team is the top (6) up and narrate symbolically!

25 Examination of the mouth 27 Odd-numbered page in a 26 Beware! It's a grotto (4) book Right? (5) 28 Eccentric chap dismissed as

29 A cover in metropolis pro-

a social missit (3-3-3)

viding warmth (8)

30 Annoy Pole in call for trumps (6) DOWN

epic manner (T)

I More widespread fog we hear, from criminal member of two unions (8) 2 Enchanted by note or French cupid to editor (9)

3 Knot done complicatedly (4)

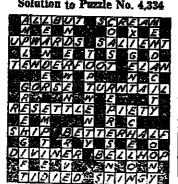
5 Put me in mixed choir in the

6 Constituent turning up firstclass rota for one who is biased (10) Copying silver-plated fastener? (5)

8 Head worker is drooping (6) 9 Left in the Strand to whiten? 14 Fortress needed by wrestler (10) and in the extreme (9) 19 Dexterous according to 18 Great admirer I cheat sub-right in France (6) sequents (8) sequently (8)

22 Material for building a framework (6) 24 Look at state public-house

Solution to Puzzle No. 4,334



Scottish News. 11.45 News and Weather for Scotland. Northern Ireland-11.45 pm News and Weather for Northern

BBC 2 6.40-7.55 am Open University. 11.00 Play School.

1.45 Glorious Goodwood and Cricket (The Gillette 4.15 Animal Magic. 4.40 Cartoons.

4.50 John Craven's Newsround-5.00 Rentaghost. 5.25 Fred Basset. Cricket: Gillette Cup. 5.50 Nationwide (London and

South East only). 6.15 Cricket: Gillette Cup. 7.30 Mid-evening News, includsub-titles.

7.40 Dallas. 8.25 Movie Showcase: "Luther" starring Stacy Keach and Patrick Magee.

10.15 Cricket: Gillette Cup
highlights.

10.45 Newsnight. 11.45 Open University. BBC 2 Wales only-5.50-6.15 pm Wales Today. BBC 2 Scotland only-5.50-6.15 pm Reporting Scotland. BBC 2 Northern Ireland only-5.50-6.15 pm Scene Around Six. BBC 2 England only-5.50-6.15

Look East (Norwich); Look North (Leeds, Newcastle); Points

West (Bristol); Look North West

(Manchester); South (Southampton); Midlands Today (Birmingham): Spotlight South West (Plymouth).

LONDON 9.30 am Paint Along With

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RADIO 1

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RADIO 3

2 693kHz/433m 909kHz/330m & 88-91vhf stereo

(S) Stereophonic Broadcast
† Medium Wave only
6.00 am As Radio 2 7.00 Mika
Read. 9.00 Simon Bates. 11.00 Poul
Burnett with the Radio 1 Roadshow.
12.30 pm Newsbeat. 12.45 Peter Powell.
2.00 Andy Peobles. 4.31 Richard
Skinner. 7.00 Radio 1 Mailbag. 8.90
Merk Hurrell. 9.50 Newsbeat. 10.00
John Peel (S). 12.00-5.00 am As
Radio 2.

Radio Wavelengths

CHANNEL 12.30 pm An Exceptional Child. 1.20 Channel Luncatume News, What's On Whate and Weather, 7.00 Channel Roport 10.28 Channel Late News, 12.15 am News and Weather in French Colleged News and Weather in French GRAMPIAN

9.25 am First Thing. 10.50 The Jazz Series (George Chisholm Caro) Kidd/Elens Duran/George Penman Jazzmen). 11.15 Thunderbirds. 12.30 pm An Esceptional Chital. 1.20 North News. 7.00 North News. 7.05 Vild. Wild World of Animals. 12.15 am North Readlines. 12.20 Reflections. 9.30 asn Paint Along With Nancy. 10.00 The Best of 10.45 am The Nature of Things. 11.45 Moor an Families, 10.50 Mystery Island. The Magic Bell. 12.30 pm An Exceptions.

BRC Radio London

3 1215kHz/247m 3 & 90-92.5vht stereo Capital Radio: 1548kHz, 194m & 95,8vhf London Broadcasting: 1151kHz, 261m & 97.3vhf

Wind Music (S). 11.80 Choral and Orchestral Music by Beethoven (S) including 11.45-11.55 Interval Reading. 1.00 pm News. 1.05 Debussy and Pouleoc: Piano recital (S). 1.45 Bath Festival 1980: Chamber music rocital. Part 1 (S). 2.40 Interval Reading. 2.45 Bath Feetival 1980: Part 2 (S). 3.15 Fifty Years of British Music (S). 4.55 News. 5.00 Mainly for Pleasure (S) 2.45 Bath Festival 1980: Part 2 (S). 3.15
Fifty Years of British Music (S). 4.55
Pelestrina: Choral Music (S). 4.55
News. 5.00 Mainly for Pleasure (S)
(2 and mon only from 6.20). 7.00
Music Now. 7.30 Concert: Part 1 (S).
8.25 Six Continents. 8.45 Concert: Part 2 (S). 10.00 Scientifically Spoaking. 10.50 Lawrence Travelling. 11.00
News. 11.95-11.15 Leon Goossens plays Cimarosa (S).
VIII OMIT — OPEN UNIVERSITY—6.20-7.00 am and 6.20-7.00 pm and for students in Radio Scotland and Radio Cymru areas only: 12.00-1.00 am.
RADIO 4

BBC Radio London
Frogramme. 1.03 The Robbic Vincent Telephone Programme. 1.03

Forceast. 2.00 News. 2.02 Woman's Mour. 3.00 News. 3.02 Listen with Mother 3.15 Afternoon Theatre. 4.00 Choral Evensung (S). 4.45 Short Story. 5.00 PM. News magazine. 5.50 Shipping Forceast. 5.55 Weather; programme news. 6.00 News. 6.30 The Year in Question. 7.00 News. 7.05 The Archers. 7.20 The Zahaleun (Carro's refuso collectors). 7.45 The Queen Mother (a radio biography in three parts). 8.30 A Sideways Look At. . . by Anthony Smith. 8.45 Analysis. 9.30 Kuluidoscopa. 9.58 Weather. 10.00 The World Tonight. 10.30 Rumpole. 11.00 A Book at Bedtimo. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News. **BBC Radio London** 

News. 11.95-11.15 Leon Goossens
plays Cimarosa (S).

VIE ONLY—OPEN UNIVERSITY—
6.20-7.00 am and 6.20-7.00 pm and for
a students in Radio Scotland and Radio
Cyanu areas only: 12.00-1.00 am.

RADIO 4
6.00 am News Briefing. 6.10 Farming
Today. 6.25 Shipping Forecast. 6.30
Today, including 6.45 Prayer for the
Day. 7.00. 8.00 Today's News. 7.30.
8.30 News Hardines. 7.45 Thought for
the Day. 8.35 Yesterday in Porliament.
9.00 News. 9.05 Mid-week with Russell
19.00 News. 9.05 Mid-week with Russell
19.00 News. 9.05 Mid-week with Russell
19.00 News. 10.02 Gardeners'
Ouestion Time. 10.30 Daily Service (S).
19.00 Graham Done (S). 1.00 pm
Condon Today First Report (S).
19.01 Milko Continued). 3.00 John
Today in the Day of the Continued (S). 1.00 pm
Continued (S). 1.200 News. 12.02
19.01 Milko Continued). 3.00 John
Today First Report (S).
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Today First Report (S).
19.00 Milko First First Report (S).
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SUMMER NIGHT'S DREAM Thur. Fri.
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2.30 Shaw's ANDROCLES AND THE
LION opens next wook.
Thurs. 8.00. Fri. Sal. 6.00 and 8.40
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RADIO 2
5.00 am News Summary. 5.03 Stove Jones (S). 7.32 Terry Wagen (S). 10.03 Jimmy Young (S). 12.08 pm David Hemilton (S). 3.03 Olympics 80 with John Dunn. plus Cricket and Racing Irom Goodwood. 7.33 Much Mare Music (S). 8.02 Liston to the Band (S). 8.45 Alon Dell with Dance Band Days. 9.15 Only a Rose: Anne Ziegler and Webster Booth recall the past (S). 9.55 Sports Dosk. 10.02 The Impressionists. 10.30 Hubert Grogg says Thanks for the Memory. 11.02 Olympic Scorts Desk. 11.15 Peter Clayton with Round Midnight, including 12.00 News 2.02-5.00 am You and the Night and the Music (S). RADIO 3 KADIU 5
16.55 am Weather. 7.00 News. 7.05
Your Midweek Choice: Part 1 (5), 8.00
News. 8.05 Your Midweek Choice:
Part 2 (5), 9.00 Naws. 9.06 This
had Committee Secretaries 5, 9.45 and the second s

Television

# American hash and Russian salad by CHRIS DUNKLEY

television is offering: both main cannot even pull focus efficiently channels spend every afternoon (hence the perpetual in-blurand evening feeding us identical out-of-blur-whoops-steady effects material from Russian cameras at the Olympics and then, at raised to a screeching pinnacle night, they compete to see who of frustration in this rough and can serve up the least offensive ruthless race since Comrade collection of left-overs from America's cold store of "mini- most critical stages in such a blockbusters." The result is a way that Coe was entirely ex-bizarre diet of corned-beef hash cluded from the picture. and bubble-and-squeak a la Russe

Of course the television event of the week-one of the biggest of the year-was both exciting immensely satisfying, especially for those of us athletics fans who had said all along that even if Coe was the faster runner Ovett was surely the better competitor.

The continual annoyance

before the picture clears) was Boris managed to frame the

The technical incompetence of the Russians was almost matched by the ITV commentator. He stated that Coe was lying second when he was actually next to last. Then, when Ovett made that tremendous and highly questionable attempt to handle his way forwards he claimed excitedly: "The East German Wagenknecht now push-

ing through!" made the work of Coleman,

dependabilityexperienced

they BBC indeed are, One man did coin the ludicrous phrase Enormous cadence!" presumably meaning wonderful rhythm. Another told us gravely that the twin brothers in the East German double sculls were both 29. But usually the hours of un-scripted comment, explanation and descriptions have been admirable.

Because the pictures—except for very occasional inserts such as the BBC's wonderful headon shots of Heather Hunte sprinting—are virtually identi-cal on the two channels, even when stored and transmitted in g through!"

different orders, the commenCommentaries such as that taries count still more than
tade the work of Coleman, usual when British television

That, added to the natural tendency of any viewer to switch to the BBC as soon as ITV coverage stops for a com-

mercial, will doubtless ensure, again, that the BBC will get the lion's share of the audience. In the general atmosphere of the Games as conveyed by television-and like it or not they have become, like so much else, a television event above all—there is something of

Goya at his darkest and most pessimistic. Ironically, coming from the headquarters of world Communism the commonest screen caption is "Swiss Timing" which rarely seems to be out of the picture; an inspired bit of capitalist promo-But much of the time one

feels that other captions would be more suitable: "Here be giants" for instance over pictures of the swimming pool and those flat-chested six-foot medal-machines that East Germany enters for the women's races; or "Region of the Dwarfs" over shots of the gym and those tiny little mites from the Soviet empire who perform with the charm of Shirley Temple in long-shot, only revealing their true nature when the camera zooms into Then you see a worried woman peering out from the eyes in a little girl's

child-women Britain's charming 16-year-old Linsey Macdonald who, to her own astonishment and delight, came fourth in her 400-metre heat, beating even the legendary Irena Szewinska to win a place in the final, was eye-opening. One sympathised fully with BBC interviewer (Tony Gubba?) who spoke to her afterwards, clearly entranced by her youth and femininity, and ob-

viously feeling an instinctive

urge to give her a hug or ruffle

Pickering and the rest of the duplicates sports coverage, and her hair and substituting in-money-men are even more BBC team sound like models of the BBC's superiority is stead: Here, have a BBC firmly in control of programmebadge:

If this daytime contest between the BBC and ITV brings to mind a couple of duellists lush; no expense is spared on banging away at one another locations or extras or props, with identical second-rate pistols borrowed from an unsympa- liners; and the acting is invarithetic third party, the evening's ably more than adequate to the events suggest a pair of virtu- available material. The trouble ally immobile sumo wrestlers is that the material lacks inspending lazy summer nights spiration and talent in the casually lobbing great wads of writing and the direction; damp American kapok at each visible production values have other. They are at least selectbecome paramount. ing their night-time ammunition from separate piles, but even so

it is difficult to decide which is the less lacklustre. I think the answer, by a tiny margin, is ITV's "Best Sellers," son's an artificial umbrella title under which have been clustered such Sircency oddly assorted items as a Western about a family named The Sacketts, a dramatised biography of mass-suicide leader Jim Jones and his People's planation of Temple called Guyana Tragedy and a thriller with a title so cumbersome — The French Atlantic Affair-that there must surely have been an ulterior reason. These programmes had one thing in common: they were Mayerling.

all much too long.

Presumably because of lack of confidence in their products ITV have a shameful habit of concealing from the viewer the number of parts in which they are made. Whereas the BBC habitually announces boldly in Radio Times "fifth of a 12-part series" (or whatever). TV Times usually keeps mum. For Guyana Tragedy there was one buried line of type announcing this drama is concluded next been sadly disillusioned.

Wednesday."
Anyone who, like me, missed that line and reached the end piano of Wednesday's 11-hour stint to learn that we were still only half way through no doubt felt as determined as I did to forego the rest. The Sacketts, for all its authentic leather chaps and ponchos, and the dialogue that Drury Lane stage. we've been missing for so long. Most telling of all, the tele-("Tie Rail, this 'ere's ma ramrod. Tom Sunday, does thub hirin 'n thuh firin'") was the most event-free cowboy film [

can remember-though to be fair it was full of cows.

French Atlantic Affair was the semblance of a real plot, however old-hat hijack movies Garbo and Marilyn Monroe " Moviola " fact that in America now the the show itself.

episodes of

production than they have been traditionally—if that is possible. The programmes all look very

from vintage cars to ocean-

Among the odd programmes during the week which were not a part of this summertime soup of sport and American left-overs the best by far was Alan Ben-"South Bank Show special about the making of Sweeney Todd. With its smoothly edited combination of plot description from Christopher Bond, musical analysis from Stephen Sondheim, ex-Hal Prince's during rehearsal, and excerots from the finished article, it inevitably brought to mind that other similarly constructed South Bank special on Macmillan's

This time, however, the television artefact was a far better example of work in its own medium than was the subject material in the theatre. I am indebted to London Weekend Television for treating me to the stage show in their telerecording because, had I not seen the show first, their programme would undoubtedly have sent me hotfoot to the theatre - where I would have

Sondheim actually performed some of the numbers at the for television rather hetter than the cast did on stage with a full orchestra. Furthermore, the small movable stage ("truck") on which all the main action is mounted is much better-suited to television than to the empty acreage of the

ing the lyrical "Joanna," the only song measuring up to the "West Side Story" score and remarkably like "Maria") and the best of the bunch, having ignore the bad. With the added interest of seeing the inner workings of a big musical have become. But like all the watching one of Prince's bits "Best Sellers" and like the of direction progress from rehearsal room to public performance — the programme was suffered from the very clear very much better value than

**Nottingham Playhouse** 

# Black Chiffon

artistic director, Richard Digby Day, picks up the reins in September, the Nottingham Playhouse plays host this week to a touring production of the a sort of cosy, unruffled 1949 drawing-room drama by Lesley Storm that was a big hit for Flora Robson. Depending on your point of view, the piece is either well-made or hopelessly

Sylvia Syms plays Alicia Christie, a mother who rebels against her son's impending iwo middle-weight smoothies marriage by stealing a black chiffon night-dress after being told by him that he will not return with his bride to the avuncular and lighting cigar-A psychiatrist is called in to facing the truth of his oedipal

to Holloway for three months. There is a certain light precision in Lesley Storm's writing that is totally incapable of sustaining the evening. Things tion is admirably composed and are not helped by the family frightfully dull. a very model calling each other "darling" of discretion and bland good calling each other "darling every two minutes, or Miss taste. Syms intoning preciously such

inevitably unfunny old bag of a servant as "use the lace place mats. Nannie! This is really theatre in aspic,

refrain for the benefit of those who would prefer to ignore the march of time and the purpose for which regional houses such as this one are funded. One's anguish is slightly mollified by the presence in the cast of Ernest Clark and Jack Watting, who, as the husband and doctor respectively, saunter reassur-ingly about the stage being Chelsea nest after the reremony. ettes. Mr. Clark even contrives to look exhausted on his very stiffen, her defence but, after first entrance, before shaking off his studied lethargy to grip diagnosis, she pleads guilty and Miss Syms by the arm and horror of horrors! - is sent acknowledge that their son has, in a manner of speaking, inserted himself between them. On a handsome set by Charles

MICHAEL COVENEY

Tynan has died aged 53 in was able in a couple of hundred

Santa Monica, after a long ill- the trick of flicking speeches ness. He had pulmonary emphy-

any of those activities, at least they enabled him the better to evaluate what he saw when he turned to his predestined field of criticism.

Even in such unlikely terri-

Kenneth Tynan Critic and author Kenneth tory as the Daily Sketch, Tynan

California, where he lived for much of the time in recent years because of his failing health. He died at St. John's Hospital.

Kenneth Typan was arguably the best critic of his time, and certainly the most influential, in was available, he was able to spite of the streak of frivolity spread his wings more widely. that led him into such ventures In the introduction to his colas Oh, Calcutta! He led criticism into the second half of the century much as John Osborne led playwrighting. No sacred cows were sacred to him, and he a few decades hence, exactly pulled them down in writing what it was like to be in a parthat was as splendidly readable ticular theatre on a particular use the good numbers (includthe overthrow of outdated standards was his chief object so much as the installation of fresh. He had learnt his work from the inside, as director, producer and actor; and if he never made any great impression in

words to give sharp and meaningful accounts of what he saw, with such enchanting phrases as, for instance, this account of Wolfit's Lear: " Mr. Wolfit scorns exquisitely to leg; he prefers to bash them towards mid-off and run like a stag." Later, of course, in The Observer and The New Yorker, where more space lection Tynan on Theatre, he wrote: "A critic's traffic is with those who may want to know. legacy he has left us.

His non-theatrical writing. whether on bull-fighting or on less boring subjects, has the same evocative brilliance. His non-critical work, particularly his 10 years as Literary Manager and Literary Adviser to the National Theatre, is of everlasting value

# Spoleto-2

# Twombly, Pound, Garbo

by WILLIAM WEAVER

Spoleto railway station, the first majolica pieces dating from the thing you see is a large Alexander Calder stabile (if you are lucky, you will then see a taxi parked in its shadow). The massive metal work is a survivoz from the 1962 festival, when a show called Sculpture in the city brought to Spoleto works by Henry Moore, Marini, Manzu, Calder, and a number of others. The current festival has again invited various artists to the town, but this time instead of bringing works with them, they have created works in - or, you might say, on -Spoleto.

This is a city of steps, and one artist has carefully painted the risers of many flights of steps. including the monumental sweep from Piazza del Duomo to Via Saffi, in a row of vertical pink-and-white candy stripes. Similarly, the lovely Romanesque facade of San Pietro, on the outskirts, is now decorated with a gigantic enlargement of a photograph of that same facade.

a great deal of excitement); the a great deal or exchement, the desecration of the city this year still visually gripping. desecration dele sei, a serviced mostly indignation. At the Teatro delle sei, a has aroused mostly indignation. Otherwise, the non-musical contributions to the 23rd Festival of Two Worlds have ranged from the enjoyable to the distinguished. In Palazzo
Ancaiani there is a retrospective
show of drawings by Cy
Twombly (also responsible for this year's poster), and on the the provincial and authorities have

some expectable humour (and

When you come out of assembled a display of Deruta a cryptic text (inspired one was 14th to the 17th century.

Sheila Hancock, Denis Quilley and Hal Prince

Other shows are scattered around the town, and in the claster of San Nicolo the painter Judith Lange has hung a series of harrowing drawings inspired by the production of Oedipus Rex, being performed ence. Towards the end one of in another part of the vast, the actresses dresses up like de-consecrated structure.

Actually, the work is Edipo The Italian text already characterises the attitude of the production, directed by the Brechtian expert, Benno Besson. Sanguineti deliberately eschews the traditional high-flown language of Sophocles translations, to use a humbler vocabulary (and significantly Oedipus himself is called - in translation - Piedone, or big-foot).

For the title-role Besson chose Vittorio Franceschi, squat, anti-heroic, with a somewhat nasal, limited voice. This is not Eighteen a noble tragedy, but more an years ago, the arrival of the archaic ritual. Though sculptures in Spoleto provoked Franceschi's limitations (and his occasionally "actor-y" gestures) are a drawback, this Oedipus is

> dank crypt under the Teatro Caio Melliso, Giancarlo Sepe— a leader of the avant garde theatre in Italy - presents a work entitled *lliade*, but it has little to do with Homer. Mostly it has to do with Sepe himself. with his reflections on child-hood, on the discovery of the

While a recorded voice reads

Cantos, though the dotty and boring sections about usury told, by Schliemann), a group alas, not overlooked. of five actors and three actresses, all dressed identically in Three people - the charming trousers, white shirts, actresses Maria Teresa Sonni plain ties, looking like so many and Simona Caucia, and the Junior Managers, complete with soher Riccardo Cucciolla-read attache cases, go through a in turn. There are bits of mime of innocence and experi-solemn music and, at the end, ence. Towards the end one of some film footage of Pound in Venice and of the poet's Venetian funeral.

It is all skilfully, if some-As always with Sepe's work, tiranno, because it is given in the team is splendidly discip-In addition to operas and the Italian translation, specially lined, the set is imaginative. In addition to operas and made, by Edoardo Sanguineti. and the taped music is too loud. plays and poetry, there were a But in the past — especially with the oppressive Accademia Ackermann — Sepe managed to forge a coherent work; here he presents only a series of images. inventions, not always of equal impact and, finally, inconclusive

For the translator and producer Melo Freni. Ezra Pound, "the greatest poet of our century." is a modern Odysseus, and his Spoleto production Erra Pound Concert (Cantos a Fire Pound Concert (Cantos a hilariously imitable voice of the Teatro) relies heavily on the dubber Tina Lattanzi. She sende-Homeric passages of the sounded as wonderful as ever. pseudo-Homeric passages of the

and self-indulgent.

number of ballet programmes (usually with companies already familiar in other countries), various concerts and recitals, and a series of film showings, including a group under the heading "Garbo talks." In these revivals of Anna Karenina. Mata Hari, Queen Christina, and Conquest, the actress was, in fact, speaking English for the first time in Italy, where until now she had been heard only in

St. Martin in the Fields

# Academy Strings

by RONALD CRICHTON

Acadamy of St. Martin in the Fields in their native church are audience mainly, so far as one could judge, consisting of visi-tors to the capital. For lastminute ticket sales a central situation undoubtedly helps.

All the music (Handel, Mendelssohn, Bach and Chaikovsky) sounded splendid though the 19th century works were the more satisfying—Mendelssohn's precocious B minor Symphony (No. 10) has one foot in either century but the homage to Gluck it contains is brushed with

The special success of the evening was the string-orchestra version of Chaikovsky's op. 70. the Sextet subtitled Souvenir de Florence. This was a holiday work, drafted in Italy after the labours of The Sleeping Beauty and The Queen of Spades, a kind of musical sketch-book with Russian (some intricately-rhythmed dances in which one can almost after authenticity?

Some of the present series of see the footwork) as well as coming-of-age concerts by the Italian scenes.

mental rather than picturesque for strings only. Monday's programme, directed by Iona
Brown, was played to a packed

Brown, ment, otherwise a love duet for violin and cello with mandolinetype pizzicatos for the middle Elsewhere Chaikovsky weaves these middle voices into a tex-ture worthy of Brahms in the

same medium—when will the Academy help to win the Brahm's Sextets the public they deserve? All this, the contrapuntal writing and the tunes handed round not on a mere plate but on huge maiolica dishes, sounded richly invogorating in St. Martin's. But I found it harder to

enjoy these expert players' Baroque performances. Englishhearty in the old way though admittedly with much greater precision, polish and briskness than that way used to produce. Briskness above all, and briskness as a predominant quality leaves one hungry. Does one begin little by little, to hanker

# Otakar Kraus

Otakar Kraus, the distin- Tarquinius in The Rape of London on Monday afternoon. He was born in Prague in 1909

remarkable gifts who left his

conted include

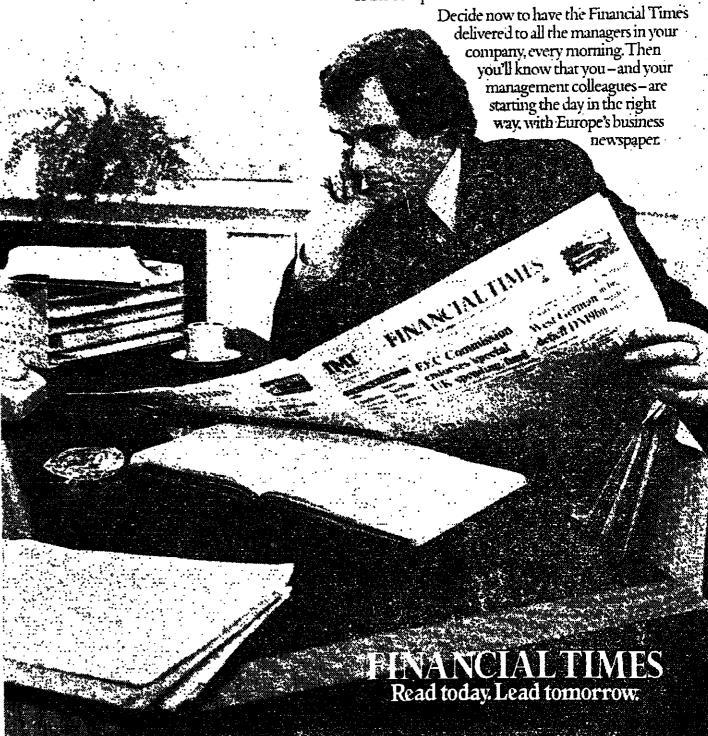
baritone, died in Lucretia, Nick Shadow in The Rake's Progress (in Venice) Diomede in Troilus and Cressida. and came to England 30 years and King Fisher in The Mid-later. Summer Marriage. He sang Kraus was a singer-actor of Alberich at Bayreuth.

He was a notable teacher. mark on British operatic life in whose pupils include Elizabeth more than one valueble way. Cornel, Stafford Dean

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Wednesday July 30 1980

# The right way to intervene

MOST INDUSTRIALISTS, even backed micro-electronics comthose struggling to keep their pany is to receive the second business alive in an extremely tranche of £25m on the basis out of your grasp?" He is unfavourable economic climate, that the production plant will reported to have asked. "after general objectives, especially rather than in Bristol as the influence. All we did in the over-riding determination to company had preferred. It was Afghanistan was to reassert bring inflation down. What has apparently the argument over upset them is the apparent location, not the possibility of indifference on the part of private Ministers to the practical prob- which had delayed the decision lems which industry is facing for so long. There are conand the simplistic solutions tinuing doubts, as we have which are sometimes suggested argued for overcoming them. Urging wisdom of committing taxmanufacturers to move "up-payers' funds to as speculative market" may be appropriate in certain cases, but there is a ment should continue to seek limit to the speed with which private sector participation. industry can adjust. It is equally misleading to blame all factory closures on high wage demands or restrictive labour practices or both. What indus- in South Wales and to use their try wants is not a U-turn, but some tangible evidence of sympathy and support in coping It is in South Wales that with the changes that are made necessary by the combined effects of the Government's policies and the economic

#### Public money

The Prime Minister's speech in the House of Commons yesterday went some way towards now waiting for recommenda-filling this gap. Mrs. Thatcher, tions from the new chairman of her established principles on the money supply, public spending and the exchange rate, put welcome emphasis on the Government's duty to facilitate change and alleviate its effects. was surprising that she should choose to illustrate this concern by announcing a f6m grant to Dunlop for the modernisation and rationalisation of its tyre factories in Birmingham and the North Market forces
East. Not only is this aid being made available under the 1972 Industry Act—a measure which marked the Heath Government's return to industrial intervention-but the tyre industry, suffering from severe world overcapacity, is not one of the growth sectors which usually figure in Ministerial speeches. While the grant marks no change in policy, the Prime Minister's decision to mention it is presumably designed to show the Government's willingness to use public money to help companies make themselves more

### South Wales

decision on Inmos. The NEB- over the next few months.

the Government's be situated in South Wales all, it was in your sphere of sector involvement. before, about the a venture as Inmos; the Governwrongs of the project. Ministers are right to be concerned about the high level of unemployment best efforts to direct new jobs

many of the job losses arising from the contraction of British Steel Corporation are occurring. While the job losses will continue, there are signs that the Government is taking a more flexible and more pragmatic view about the future of the steel industry. Ministers are now waiting for recommendawhile in no way budging from BSC, Mr. Ian MacGregor, but there is no doubt that further support from the taxpayer will be necessary, probably for several years, if the UK is to retain a substantial and competitive basic steel-making capacity. The Government can-not avoid taking a view about these matters: it cannot avoid intervening to help industry adjust to change.

It is unfortunate that in distinguishing their policies from those of the Labour Government Ministers have created a situation in which every piece of micro-economic intervention is seized on by supporters and critics as a possible U-turn. The fact is, as Mrs. Thatcher implied yesterday, that Governments can should intervene in a variety of ways to tackle specific weaknesses which market forces on their own cannot be relied youth unemployment, regional Minister used the occasion of down or preventing it: the presthe no-confidence dehate to sures on the Government to do the long-awaited the latter are certain to grow

# Muddling on in Italy

THE ITALIAN cliff-hanger goes on. Sig. Francesco Cossiga. the Prime Minister, has easily defeated a Communist attempt to impeach him in the Parliament. But it would be idle to pretend that the country's political and economic problems are closer to solution. All that can be said is that the vote. taken on Sunday, has given Sig. Cossign's coalition the opportunity to try to wrap up the economic package designed to curtail consumption and to stimulate investment.

The most radical proposal in that package was to have been a modification of the so-called scala mobile which amounts to indexing wages. Union leaderships had already agreed to it when the Communists saved the scala mobile with deman-strations of shop-floor strength. As an indirect result another key proposal was also dropped. It was for a 0.5 per cent levy on workers' wages to be naid into a fund to help the chronically poor south and ailing industrial enterprises.

#### Tax evasion

Yet it would be wrong to conclude that nothing is left of the Government proposals. Higher petrol taxes and a tighter administration of value added tax remain. More im-portant, perhaps, there are signs that the Covernment is in earnest about fighting tax evasion. For this year. Sig. Filippo Maria Pandolfi, the Treasury Minister, expects to increase revenue by L2.500bn (about £1.2bn) by this means. He can count on Communist support for his objective. What Italians at large will think about it, and especially that great number who are active in the flourishing Black Economy, is quite

another question. The need for strong economic measures is evident in a country which has swung from a £2.1bn current account surplus in 1979 size this year, and where inflaof overheating, though a slow-

The second secon

autumn and may already have begun. Given the international climate and previous experience only an optimist would expect that slowdown to end inflation.

Success will require above all staying power, and few qualities are harder to display in the welter of conflicting interests, of factions and subfactions which make up Italian public life. Not without malice an Italian journalist has likened Sig. Cossiga's task to that of a sprinter entered for a long dis-

What Sig. Cossiga's victory on the impeachment issue has shown is that for the moment the coalition partners, by and large, intend to hang together: there were relatively few desertions from the government camp of Christian Democrats, Socialists, and Republicans, But the Communists remain determined to bring down that coalition. Their strength in Parliament is insufficient, though they are the second largest party. But as the successful agitation in support of the scala mobile has shown, they have other means of influencing events.

That is not to say that Sig Enrico Berlinguer, the Communist leader, is retreating from the policy which once made him a main exponent of Euro-Communism. His party is not revolutionary in the usual sense of that word: it stoutly supports

the concept of law and order in terrorist-ridden country.
Sig. Berlinguer is conducting a political battle for power and his main target is the Socialist Party which has been tacking to the right under its leader, Sig. Bettino Craxi. But a strong Socialist minority would prefer an arrangement with the Communists, and even some Christian Democrats believe that it is useless to try to govern

against Sig. Berlinguer. Sig. Craxi's line paid off when the Socialists made a good showing in the regional elections this to a probable deficit of equal spring. But if the autumn brings mass dismissals in industry. tion is rampant. Until recently things might look different. The the economy hore all the signs indications, then, are that Italy will have to go on muddling down, presenting problems of through-an art which it has its own, is in prospect for the brought to high perfection.

## CCORDING TO a story going the rounds among disaffected Carter administration officials it was a defector from the Soviet KGB who not so long ago put his finger with discomforting accuracy on the nub of the issue. Why did you let Iran drift

control over ours." The KGB man may indeed never have existed, but the brutal frankness of the tale appeals to those who feel that almost everything that has happened in Iran in the past two years, since the anti-Shah movement began to gather speed and strength, is due ultimately to President Jimmy Carter lack of decisiveness.

The voices of discontent are muffled. It does not do to express such anti-patriotic sentiments in public when there are still 52 Americans held hostage in Iran by "a bunch of Islamic nut-cases." as they are widely perceived. One of the more extreme frustrations being bottled up as a result of the Iran crisis is caused by the unspoken ban in force on the kind of fullblooded examination of the entrails of government policy to which Americans have grown

accustomed. President Carter is unlikely to lose the November election just because of, or largely befidence in his leadership and his economic policies goes far deeper than that. Thus, his strategists are said to believe that the best course of action is to spin this most knotty and baffling issue out until after the election: by moving slowly and cautiously not taking any significant new initiatives and, meanwhile, reassuring the Iranians that the U.S. means them no

His aides are well aware that that cosy scenario could easily he knocked off course by any of a range of possible developments within Iran, from the trial and sentencing of a number of the hostages as spies, to the sudden death of the country's 80-year-old leader and revolutionary mentor. Ayatollah Khomeini.

Nevertheless, the aides are reasonably confident about their ability to keep Iran out of the public limelight in the run-up upon to remove, whether it is to the polling date, though there will undoubtedly be enormous decline or structural problems temptation for someone in the in basic industries. The difficult Reagan or Anderson camp to task, especially at a time of point to the fact that November or pro-Soviet hands cannot be rising unemployment, is to distant the other end of the techniquish between easing the provention of the capture of the demands at the To date Mr. Ronald Reagan,

the Republican candidate, has trodden carefuly in the minespeech to the Republican convention earlier this month only

MEN AND

Does Lord Keith have a double

life? Or just a double? The

question is prompted by a

rather baffling disagreement

which grose between outgoing

Hill Samuel chairman and

Hoare Govett elder statesman

Lord Wardington at yesterday's

annual meeting of the merchant

As Lord Keith steered the

meeting to a close. Lord Ward-

ington rose to move a vote of

thanks and slip in a plug for

his firm. There was, he said.

"no-one whose light shone more consistently and forcefully

in the last 35 years." But he

confessed puzzlement that in

the resume of Lord Keith's

career presented in the HS re-

port and accounts by successor, Sir Robert Clark. "his short

stay with my firm has been

A bemused smile edged across

it was not me who was in

Lord Keith's face. "In the interests of accuracy," he said.

Hoares. I have never been a

There must. I said to Lord Wardington after the meeting.

no." he insisted. "he was in my

office for three weeks on an

attachment." Armed with this

reassurance. I troited back to

Lord Keith. Lord Wardington, I

said. stands by his story. "I have done many things." replied Lord Keith. "but I was

never a stockbroker, and I

never spent a day at Hoares."

Having quizzed both pro-tagonists. I remain uncharac-

teristically stumped. Is there a

Lord Keith impersonator? And

"I am one of the rabbits." ex-

nor seeking a job from Victor plant them.

"I am one of the rabbits." ex-claimed Edward du Conn vester-day in his capacity as chairman Wilkinson re-elected. The

of the all-party Treasury and members of the hoarding-party

Civil Service Committee of the -Turkish businessman Faik

Commons. Happily, du Cann Ezen, stockbroker John Knowles

was not auditioning for a part and Lloyd's underwriter James in the next Richard Adams book. Thomson-Moore — seek to sup-

if so, where is he now?

Bunny du Cann

be some mistake here.

stockbroker."

The wrong

goodbye?

bank.

Shah's fortune—the return of

Jimmy Carter's rudderless

policy on Iran

BY ANDREW WHITLEY IN WASHINGTON

Up to now nearly all the debate within the Administration on how to handle Iran has concentrated on tactics, not on matters of substance, according to one State Department official. Nor does any change of approach appear to be in the wind, possibly because of the way in which all the main participants-the CIA, the National Security Council, the Pentagon, and the State Department-are bound by the same refusal to rake over old coals until the hostages are out,

> Debate has been on tactics, not matters

the issue. In his acceptance dragged on so far, a comment that the death of the Shah on its inability to come to terms removes some of the psychowith the raison d'etre of the logical barriers in the way of the briefest mention was made Iranian revolution. The main a more realistic appraisal of the of the hostages' continued stumbling block is summed up possibilities open to the U.S. stumbling block is summed up possibilities open to the U.S. detention. It was a subtle in the frequently heard and in dealing with the immediate reminder to the American fiercely expressed refusal of goal of getting the hostages people that all the President's officials to contemplate "apolo-safely out of Iran. It also pro-

Blick, who is associated with

the U.S. Greyhound Guaranty

group, has been Smith's finan-

cial prop in developing plans for major refurbishment of the

docks and associated property.

The appointment of Jennings reflects the possibility that "if

the poll goes against us, we

poil, because he expects the

dissidents to show their strength

at the meeting rather than

through advance proxy votes.
Only seven months ago. Smith
comfortably fended off a
similar boarding party led by

ex-Slater Walker businessman Richard Eldridge. This time, though he says, "it could be

way towards replacing the

multifarious talents lost to his

Together again

Shelbourne's former fief.

Curiously, Dantzic first came

joined the Drayton investment

group, later merged with Montagu, and when Morton was

embroiled in one of his first

clashes with Shelbourne, then

to join Lord Kearton at BNOC,

the young and less tempestuous

Dantzic stayed behind, building

his career and reputation. Although he has had no experi-

ence in an industrial company,

he has already had a chance to

study the workings of the state

oil corporation and the Govern-

But while Morton moved on

at the head of Drayton.

a little close."

monetarist Britain as "an in- BNOC's chairman Philip Shel-

teresting laboratory experi-bourne yesterday went some

could make to Khomeini would be for Carter to announce that he was not running for re-election." one official said ruefully. across. aware that a central desire of the militants who took the bostages and have now become Iran is to bring down the

grips with the question of the

which many of Iran's leaders

have all along considered just

as important as the handing

" Perhaps the best gesture we

back of the former monarch.

looted billions of dollars

President obliging voluntarily. Cairo. Tacitly confirming for the In public the present U.S. first time an American hand in Government states that the its establishment some two imposition of the naval block-resolution of the hostage crisis months ago, a senior official ade of Iran's Persian Gulf ports commented, "They (the Iranian threatened earlier in the year, authorities) haven't come to us Few expect it to lead to the overriding concern. The corol-lary is that Iran's geopolitical could do something about it."

It may well hasten the proattitude towards the Khomeini regime have been subordinated.

worthy. It reflects the widespread feeling of helplessness to guide, or even monitor, events

for the moment at least, the created one. hostage crisis has faded somewhat in the minds of the American public.

Carter towards Iran. The breathing space has been used to put the fate of the hostages on the backbarrance of the hostages on the backbarrance of the hostages back-burner, waiting on events

questions than it answered (as well as underlining the opaque-ness of the decision-making process in Iran to foreign, and specifically American, eyes. But as gratifying to the U.S. admini-stration was the relatively lowkey, measured response to his release from the American media and public. In fact, far from distancing

itself from the unwinding of the revolution in Iran as its public posture would suggest, the U.S. is taking a very close interest in the way the Islamic Republic appears to be coming to pieces. To what extent Washington is actively pursuing courses of highly sensitive subject on plans are at least in the early tages of preparation.

Contacts have been established with the two main exile groups in opposition to Khomeini, those led by former premier Shahpour Bakhtiar and by one time chief martial law administrator under Ovelssi. This does not mean that these groups have been recognised or that help has been extended directly to them. On the other hand they would be considered much more credible and therefore deserving more serious attention if, somehow, the two rivals were to join forces. That message has already been put

To the embarrassment of the administration one aspect of its less honourable intentions tothe political establishment in wards Iran which has become public is the clandestine radio American President, and that station broadcasting general there is no chance of the anti-Khomeini propaganda from

between the patently destabilising purpose of the radio station and the calm, relaxed attitude U.S. is trying to add cards to what it sees as its otherwise weak hand when the chips are

in Iran—the fundamental dis- down. Its strongest card, the taste felt here for the activities \$75n-worth of frozen Iranian Government assets in U.S. of the munans, the mostern banks, is similarly an artificially

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There would be strong resistance from Congress to the playing of this last care until the It is generally agreed that the abortive rescue attempt in April helped to disperse much of the public head of steam that had built and appropriate the bostoges are lease. A premature move by the Administration would iconstruct the bostoges are lease. had built up around President would jeopardise the bipartisan

The consensus would also be severely strained, and posmity The unexpected release this broken, by the one development of one hostage, Richard Queen, came as a pleasant surprise, throwing up far more which the American hostages, which the law rilly be involved. would, willy nilly, be involved.
That prospect came neares following a statement on Monday that the Iranian Parliament could begin considering the issue next week.

> An otherwise weak hand when the chips are down

Most U.S. officials recognise that a trial is the most likely action based on the premise that outcome of the Iranian Parlia-the ayatollahs will not last is a ment's deliberations given that the U.S. itself has few conceswhich policy-makers will not be sions to offer. Unhappily they drawn. But the alternatives are also see that it will put the certainly being considered, and President very much on the it would seem that contingency spot, especially if such a trial were still going on or had just delivered an unfavourable verdict as the election date nears.

"Do not under-estimate the strength of Carter's moral stance on the issue" a top State Department man warned yesterday. The American President has repeatedly said that a trial would bring "severe consequen-ces." If he is, in addition trail-ing Ronald Reagan badly in the opinion polls the pressures on him to undertake what many "something feolish" will be enormous.

In spite of the military adventure of last April, Jimmy Carter would much prefer a peaceful solution and he would almost certainly wait for the outcome decision that the State Department, at least, would consider highly damaging for almost every other aspect of its foreign

On present indications that decision would probably be the

One possible interpretation of cess of the internal disintegralarge question of Washington's the superficial contradiction tion of Iran, and the U.S. is already looking beyond to the post-Khomeini era. Not that it has any prepared strategy for the chaos everyone expects as competing groups attempt to grab power. The Administration's policy is a rudderless ship on an uncharted sea.

## Released hostage Richard Queen at Zurich airport on his way home to America efforts had failed-but it was gising for our past support of vides an opportunity to come to not accompanied by any alternative proposals of his own. No pact has been reached by It is not needed. The much repeated black joke: "What is flat and glows in the dark"referring to Tehran the day after Mr. Reagan has been elected and gone for his nuclear gun-is way off the mark. There is instead every chance

that the Republican "hawks." once in office, will realise that the combined goals of resolving the hostage issue ("dead or alive"), reasserting American political and military resolve and preventing what remains a

highly strategic part of the globe from falling into Soviet There is little evidence these have been seriously examined by the Carter Administration in field of emotion represented by the nine months the crisis has

MATTERS

It's the Guinness Book of

Records again . . .

Lownes. He was merely respond-

ing to the forthright testimony

of Yale\_University's Professor

James Tobin, who described

Never a dull moment at the

Milford Docks Company, where

chairman Charles Smith has appointed Guinness Mahon

banker Peter Jennings to the

Board as dissident shareholders

marshal their forces for to-

morrow's poll on Board changes.

The poil follows the annual

general meeting earlier this

month, at which a benchful of

lawyers disputed the arcane

legal precedents which should

govern the procedure of the

company - which was incorpo-

rated by Act of Parliament in

Up the poll

It is recognised nevertheless

to the first consideration. The reality is, inevitably, both The reality is, inevitably, both more complex and less praise the hostage issue is that the

deal through which the Post

ment mind through his involvement as an ideas man for the plans to float off public assets.

And he could be said to have won his operational spurs in 1978, when, he tells me, he was

Office pension fund bought the Investment Trust Corporation would lose the advice we have been getting from Mr. Blick," from Barclays Bank. "That was the Milford chairman tells me. "So although we wouldn't put unique," he adds cautiously. "I don't think anyone would dare in an odds-and-sods director do that again." from just anybody, we do want advice to continue." Smith is giving no hostages fortune about tomorrow's

#### Here today . . . Sceptics reckoning that the

fairy-tale rescue of Irish glass-maker Tyrone Crystal by local boy made good John Graham was too good to be true have been proved right. Parent company the Tyrone Investment Corporation for Industrial Development has revealed that Graham has "failed to complete a contract for the purchase of the shares of Tyrone Crystal. Graham left Northern Ireland 29 years ago at the age of 15 to make his fortune in Australia. Returning to the province recently to visit his mother, he read of the financially-troubled Tyrone Glass, and out of the blue offered to save it and its 150 workers by wiping out its £1.2m debts and investing a further £450,000 to increase capacity.

Board when financial managing director Alastair Morton marched out in a fury at the end of May. To take charge of finance and corporate planning he has tempted away Severald he has tempted away 56-year-old With Graham unavailable for Roy Dantzic, currently a director comment and apparently out of in the corporate finance depart-Northern Ireland, the faces ment of Samuel Montagu, around Tyrone are long and more than a little mystified, and advisers are into contact with his new chairconsulted. man in the early 1970s when he

#### Clean break

Complaining at Liverpool Street about the late arrival of his train, a colleague was informed: We've been having a lot of failures with these engines lately. It's all the fault of the new washing plant at Clarton ... it was only the dirt holding them together.'

Observer



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THE MORNING sunlight in "We gave the Alghans help, Shadrinsk revealed an old just as the Americans gave us Russian merchant town where help in the Second World War," leaning log houses, warped said a retired schoolteacher from centuries of rain and snow, from Kurgan. "They published lurched over dusty streets and five-storey housing blocks stood in the background with iron out to dry.

It had taken 39 hours to reach the Ural mountains town of Shadrinsk, in the Trans-Siberian Express and on the way, we passed timeless wooden villages where peasant women bent over dirt plots in the heat of the sun.

As we approached the outskirts of the town, trucks loaded with chopped wood waited at a crossing and the grassy Russian plain was broken by a pine grove which gave way to a scene of peaceful decrepitude where unused railway to some young girls who were sidings were dotted with mari-

Soviet propaganda campaigu Your L following the invasion of Parted."

Afghanistan In Moscow, In the educated people are sceptical to the of their Government but I farmers' thought this was probably less true in the towns and villages the lush, mosquito-ridden city flung out over thousands of miles of provincial Russia, the "deaf places" where most Soviet

Shadrinsk, a factory town of would inform the Soviet people 80.000 in the centre of the about Western anger over USSR, which was picked at ran- Afghanistan. In remote cities dom, a colleague and I got some idea of what lay ahead. There from outside information, the were many soldiers on the train, conditions for informing people en route to new postings, as do not exist. Soviet propaganda well as a reasonable cross sec. is the reality. tion of the travellers one would meet in any second-class compartment\_on the busy Trans-

Siberian Express. Almost to a man, people we spoke to condemned the U.S.led boycott of the Moscow Olympics and said that they supported the Soviet invasion of

the appeal for help in our news-papers." I asked him if he in the background with iron ever considered the possibility balconies and laundry hanging that what he read in the Soviet newspapers might not be true. "How could it not be true?"

> In Shadrinsk, I unpacked my things at the Hotel Ural and walked through the shadeless central square, stopping to talk

Soviet intervention an example of 'typical Russian generosity'

golds and grain elevators rusted sitting on a bench near the war we had been prompted to memorial. Across the road at the Motherland Cinema a new film was playing called, "From Soviet propagand. Your Loved One, Don't Be

In the next three days, I spoke to people in cafes, in the barren market. restaurant of our hotel, and in The overwhelming gardens. impression I took away was deaf places" where most Soviet that there was little realism in the idea of President Jimmy During the train journey to Carter that an Olympic boycott like Shadrinsk which are cut off

> One night in the hotel restaurant, we sat down at a table propaganda. With with some amateur musicians Auto Parts factory, and began talking with them about world events. They said they were disgusted by the Olympic boy-

"We gave the Afghans help. Soviet newspapers, said it was Young Communists' Organisawrong to mix politics with sport. "We all know about

> At a table cluttered with empty vodka bottles and half- order to waste our time but eaten meat and potato salad, simply defined the area of in- for the Czechs and the 1956 Igor, another of the men. ex- dependent intellectual compe- invasion of Hungary out of a plained the Soviet intervention tence permitted to local officials. in Afghanistan as an example of "typical Russian generosity."

The lack of access to uncontrolled information about the world situation in Shadrinsk was complemented by a shortage of decent books. The only bookshop was full of technical books and bound volumes of Lenin's works. There were only two counters where genuine literature was being offered, a counter where the and an exchange desk where a few works of modern literature were being offered in return for

specific other books listed in a

file of index cards.

One night at Shadrinsk's floodlit dancing ring in the city gardens we chatted with a pretty 19-year-old shopgirl. My colleague asked her if the fact that she wore Western jeans and liked Western music meant During our stay, we had said. several meetings with local officials but the result of the meetings was to give the impression that political discussion is frowned on in Shadrinsk said they needed the metal for when it departs from the industry.' verbatim repetition of official political issues and anything that bears who worked at the Shadrinsk on them eliminated from the conversation, our talks with

> with their odd recitals of meaningless facts.

> local officials were taken up

tion, we learned that Shadrinsk We met a worker named Oleg has four cinemas, 18 secondary from the telephone equipment Afghanistan," said Volodya, one schools, six hospitals, 75 retail factory and sat with him on a of the men, "but I put a fence establishments, 4,000 private bench in an old unpainted around this question. Sport is cars, 8,000 motorcycles and gazeho. one thing, politics is something every year, no fewer than 800 weddings. This information was not apparently prepared in

> The impression of faith in the picture of the outside world given by Soviet propaganda and the Soviet Press would have been all but total in Shadrinsk. had it not been for one fleeting. discordant incident which took place while I was out for a

quiet stroll,

I turned off on a side street and came upon the site of an old church which was sur-rounded by broken, weathered works of Chekhov were dis scaffolding except for the red played as a prize in a lottery belltower and the golden cupola and cross. In a yard beside the church, an old man was filling pails with sand and I asked him if restoration work was continuing. He laughed disinterestedly without looking at me and said. "the State has more important objectives churches." than

The man continued his work. apparently unperturbed approached she didn't like the Soviet foreigner. "First they de-Union. "No," she said emphati-cally, "I love the Soviet Union." they're restoring them." he "I remember how they destroyed this one. They blew holes in the walls and burned the icons. Then they took out all the silver and gold. They

> On our last day in town, we walked through the city gardens where mothers were pushing baby strollers and old men played chess on large outdoor boards. filtering threw deep shadows on the side-

He said that Shadrinsk was a patriotic city which had sup-ported the 1968 invasion of Czechoslovakia out of affection desire to help the Hungarians, "Tell Carter that the Russians don't want to fight," he said. We know how to fight but we don't want to fight."

Listening to Oleg, who was obvious in his interest in the outside world and his sincerity, was easy to imagine the frightening potential of a dedi-cated army, with recruits drawn from places like Shadrinsk, marching into war full of confidence in the rightness of their cause but without the faintest actual idea what they were

Afghanistan for purely humanisians. If I had my last loaf of bread and you needed it. I'd cut it in half. I don't care who you are, whether you're English, American, Vietnamese, Israeli, we're all people. We helped Cambodia, where how many million people died. It made your

'First they destroyed the churches, now they're restoring them '

hair stand on end. We helped Vietnam. We are ready to help any country.

I walked down some potholed The intense sunlight emerged on the river bank to through the trees a scene of worldlessness and

GENERAL

oublished,

visits Venezuela.

'I know we went into of wooden houses as two police- dent of a provincial Russian city and reminiscing about instances men warned a young boy not tarian reasons, in order to to cut the branch off a tree. help," he said. "We're Rus- There seemed little reas There seemed little reason for life in Shadrinsk to be affected by events in a place as remote as Afghanistan and in the local newspapers, which

and Zauralskaya Pravda, the

side streets the following afternoon past a derelict church and Press. peace. Under feathered clouds directly reinforce official pro- a friend of his at the hotel see the peaks of policy. We see cott and, echoing the phrase. In a 90-minute meeting with walks and the branches and in a blue sky. Wizened old paganda because to trust restaurant. Oleg insisted on buy- what is known to us but we constantly repeated in the leaders of the Komsomol, the leaves formed thick canopies women walched from the steps. Western broadcasts, the resi- ing us several rounds of drinks know enough to take a view.

UK: Sir Derek Ezra, National

the Board's annual report.

city's financial crisis.

the Soviet Press is a lie. One afternoon we were joined were on sale in kiosks on the to us about the world situation war. Russians don't want war and became increasingly vehe-Russians don't want war." main street, it was easy to see how the conflict could have escaped people's notice. In the ment as the conversation pro-

twice-weekly Shadrinsk Rabochy daily regional paper, most of the news concerned the grain people." he said "In how many countries do they have their harvest or truancy among bases? How many bases surround the whole Soviet Union." workers in the local factories. In the evenings, we could pick The Russians were a peaceup the Russian language service loving people. The Olympic of the BBC and the Voice of boycott was an action against America from my hotel room peace. He said that everyone but on an issue like Afghanistan, the information broadcast
by the BBC directly contradicts
the information conveyed by the
the information conveyed by the

appeared. He said that received the policy in Afghangovernments, one popular and
the other anti-popular." Vity:
the information conveyed by the
a possibility which crossed my the popular government of the information conveyed by the a possibility which crossed my central Soviet television and mind while he was talking. It may therefore in-

must make the unsettling of East-West friendship, includ-assumption that much of what ing the meeting of Allied and he is told about Afghanistan in Russian forces on the Elbe. He recited a poem by Yevtushenko "Do the Russians want War." at our table in a cafe near the After delivering the full poem central square by a muscular he raised his voice to recite the construction worker who spoke last lines: "Russians don't wan

Oleg's friend, Vitya. offered a few final thoughts at our table or "The Americans are cunning the situation in Afghanistan. had asked him whether he was troubled by Soviet Press claims the Government Afghanistan invited Sovie forces to help and the head of that government, Hafizullah

Amin was immediately killed. "There could have been two Babrak Karmal. We don't have That night we met Oleg and all the information. We can

# Letters to the Editor

## Vision of high living

From Mr. C. Jameson Sir,—What a marvellous vision of the future Samuel Brittan portrays: Once again Britain becomes a nation of rentiers. Where before we lived off the Empire, now we shall live off our foreign investments from money earned from North Sea oil. Even high living will become, not a vice, but a virtue: it is only by spending heavily on the pleasures of life that we can create enough jobs in the service sector to mop up the unemployment created by the de - industrialisation - is - good for-you policy that Mr. Brittan

Should Mr. Brittan (July 24) be taken seriously? It is impossible to say, at least not on the basis of the information so far presented. There are two quietly assumed "ifs" in his reasoning that call his scenario into doubt.

The one is that de-industrialisation will proceed at no more than the same pace as the pre-1976 period on which his esti-mates are based. The assumption questionable—the pace of de-industrialisation is quickening and could quicken even faster if as is not unlikely. the British motor car industry folds up under foreign pres

A second assumption is even more dangerous still that the service sector can expand quickly enough to make up for the lost jobs. How many restaurants and hairdressers does Mr. Brittan think that, say, a declining north-east can

I am not saying that Mr. Brittan is wrong. No one should be asked to disprove someone else's belief in pink elephants. I am only saying that, on the evi-dence given, there is no case to answer; his assumptions are un-

Coprad Jameson, Conrad Jameson Associates. 103, Old Brompton Road, SW7.

### North Sea oil revenues

From Mr. D. Dale Sir,-Some people apparently believe that Britain should deliberately run down its manufacturing industry because North Sea oil revenues are calyears; so great in fact that we can invest enough abroad in that period to live off for ever. This is naivety to the point of madness. We have had foreign investments "nationalised" by various countries before and this would no doubt happen again. We should be placing our future in the hands of

future capacity to buy necessary imports is a continuing, sound manufacturing industry—varying no doubt over time in its

product range. If we have a temporary embarrassing inflow of wealth plus on our balance of payments. pay off foreign debis, invest first and foremost in schemes of land reclamation, "clean" energy generation and measures to ensure that we have a sound infrastructure and a healthy and efficient manufacturing is an increase in the resources and efficient manufacturing made available to the MSC in July 21, rightly questions the 55, Ruskin Park House, industry when the oil runs out. industry when the oil runs out. The state of the step pro- conclusions which Mr. Neil Champion Hill, SE5. If necessary we should slow order to enlarge the STEP pro- conclusions which Mr. Neil Champion Hill, SE5.

longer period.

To claim as the Chancellor does, that the present high value of the pound is fixed by some all-wise world market and is outside his influence is quite misleading and he knows it. The Tories, whom I supported over many years, appear to have lost their senses. Their last Government indulged in a disastrous "dash for growth" and now we have a dash for death.

D. H. Dale. Birch Crest, Hilderstone Road Meir Heath, Stoke-on-Trent.

## Unemployment remedies

From the Director, Youthaid Sir,-Samuel Brittan's review of "Unemployment: causes and remedies" (July 24) was misleading in a number of important respects, but his conclusion ill-informed, destructive dangerous. He fully and accepted that temporary programmes were necessary to minimise the effects of high unemployment but argued that it is extremely doubtful whether they are best managed by the Manpower Services Commission because it has to pay

British Industry and TUC. It is clear from his misdescription of the various schemes run by the MSC that he has insufficient information to assess their effectiveness. Those of us who know a good deal about special measures for the unemployed are convinced that youth opportunities pro-nme (YOP) and the special temporary employment programme (STEP) are excel-lent instruments for assisting the two groups who are suffering most from high unemployment — school leavers and the long term unemployed. What is needed is an enlargement and improvement of both programmes. It would be totally wasteful and destructive to tear them down and start to build again, thus destroying all the experience and expertise gained over the last two years.

The Government has under-

taken to enlarge and improve culated by some economists to the youth opportunities pro-be enormous during the next 25 gramme, which already provides 250,000 training and work experience places for unemployed school leavers. This is exactly what is needed. It is clearly right that we should devote resources to education and work experience programmes for the young unemployed, which will make them more flexible and capable workers in others—a practice we have the future. The Government indulged in to excess already. refuses however, to do anything The only safe basis for our at all for the long term unemployed. There are already 350,000 people who have been without a job for 12 months and there will soon be 500,000. The STEP programme provides only 12,000 places. Long term unemployment affects all age from oil, we should run a sur- groups but hits older workers more severely. This group suffers extreme poverty, per-sonal demoralisation and loss of confidence. They are suffering badly as individuals and their future employability is being damaged. What is needed-

down the rate of oil extraction gramme. What is not needed is Kinnock the wheel. Clare Short.

Tress House

3. Stamford Street SE1.

## The verdict on comprehensives

From Jane Steedman Sir,-I am grateful to your

leader write ("No verdict on comprehensives," July 21) for reminding readers of the value aevelop therefore, I would like to make answer to the question comprehensives better or worse than the old selective system?" A simple overall answer was ruled out by the complexity of the issues and by our evidence: a more realistic set of conclusions was possible. May I clarify two of those, lest your readers believe your writer's opinion that "mediocre scholars did less well in comprehen-

The finding from which this observation might have arisen concerns only that fifth of the sample who at 11 years scored heed to the Confederation of in the middle group of five on tests of attainment. "Middling," children thus defined did not constitute the majority,' despite your leader's view. The small number (one-tenth of the "mediocre," or 2 per cent of the whole sample) who for one reason or another went to a grammar school had progressed further by 16 than the equivalent children in secondary moderns and comprehensives. As far as the remaining 90 per cent of middle range children is concerned, comprehensive pupils did not "do less well" than secondary modern pupils. That they did no better than others may be a cause for concern about education in general, comprehensives, since comprehensives resembled secondary moderns in their intakes of

> Of those who, by the lights of tests at 11, might have some to grammar schools, it was clearly possible to say that pupils in comprehensives had done as well by 16, as measured by tests of mathematics and who did go to grammar schools. These comprehensive pupils did better than pupils who, despite high attainment at 11, had gone to secondary moderns. This is the picture for the top fifth of the whole sample at 11 -academically able children, but not simply the unusually gifted " subjects of the HMI's report with which your writer attempts an unjustified contrast. Jane Steedman

(Research Officer), National Children's Bureau. 8. Wakley Street, EC1.

# **Providing for** education

From Mr. M. Bruce. Sir, - Your editorial, "No verdict on comprehensives"

draws from the to spread the "benefits" over a new programmes which will National Children's Bureau rehave to begin by re-inventing port on secondary education: but the editorial itself is equally open to question.

> Your comparison of the satis faction of parents with children in comprehensive schools and those with children in selective schools would be fair if comprehensive and selective schools were alternatives. This is not the case. The alternative to comprehensive schools is. of course, a mix of selective and non-selective schools with a ratio of about 1:4 in pupil num-

Many would agree that gramof objectivity, concerning our mar schools can provide an report on secondary schooling excellent education for the of the children in the national minority who attend them. The In real question is how well gram the interests of objectivity, mar and secondary modern schools together can provide for the following points. Our the nation's children and how report might seem "inconclu- this provision compares with sive" to any one wanting one that of the comprehensives. To "are this question your figures give no answer.

> M. G. Bruce. (Head of the School of Education and Teaching Studies.) Thames Polytechnic. Wellington Street, SE1.

## Waves of energy

able source.

From Mr. D. Ross Sir .- Your interesting survey of Japan's research into energy sources (July 21) omits to mention one activity in which the Japanese have an undisputed lead over all other countries: wave energy. They have a 500ton ship, the Kaimei, producing electricity from waves and officially rated as a two megawatt power station. It is plugged into the grid and providing energy from a benign, renew-

On deck are 11 generators, one of them produced by a company named Centrax at Newton Abbott and paid for by Britain. It cost £300,000 and constitutes British aid for Japan! The Japanese also have 300 navigation buoys functioning in the Pacific on the same principle, invented by Commander Yoshio Masuda. It consists of a chamber open to the sea. As the waves rise and fall, a bubble of air is pushed out and sucked in and this drives an air turbine.

Britain has now started to buy these buoys and Trinity House reading, as their equivalents has moored its first three off Great Yarmouth, Dover and Harwich. The wave power charges a battery which drives the flasher unit as well as lighting up the lamp. As to cost, it rapidly saves money. The conventional method of sending out a ship to change a gas canister costs well over £200 an hour and on average it takes four hours for each voyage. WAGs, as they are called by the Trinity House staff (wave activated generators) cost £3,000 each and with a saving of £800 each time the canister would have to be renewed, it does not take long to pay for itself.

> In Britain, alas, a parsi-monious Government pro-gramme is confining our inventors to small-scale laboratory testing,

David Ross

# Today's Events

Coal Board chairman, introduces (assisted places) regulations. Re-British Shipbuilders annual maining stages of the Law report published.

British Airways annual report sions) (Scotland) Bill. Motions on the International Monetary Overseas: New Hebrides be- Fund (increase of subscription)

omes independent.
President Portillo of Mexico House of Lords: Housing Bill, ARLIAMENTARY BUSINESS approve companies (directors' House of Commons: Until report) (employment of dis-PARLIAMENTARY BUSINESS approve companies (directors' Corner, W. 12. Coalite, Savoy House of Commons: Until report) (employment of disput. The Strand, WC, 12. pm. Debate on Liberal motion abled persons) regulations 1980. Continental and Industrial on the plight of small businesses. Select Committees: Home Trust, 120 Cheapside, EC, 12. Debate on Opposition motion on affairs, on Home Office reports.

effect of Government policies on Room 15, 10.45 am. Energy, on Manchester City Council meets the textiles and clothing indus the Government's statement on to finalise measures to solve tries. Motion on the education the new nuclear power programme. Room 8, 11 am. Transport, on the Roads white paper. Room 17, 11 am.

**COMPANY MEETINGS** Ambrose Investment Trust.

Institute of Chartered Accountants. Moorgate Place, EC, 12.30. Beecham. Hotel Inter-Continental, 1 Hamilton Place, Hyde Park

Road, Manchester, 11.30. Alfred Dunhill, Cafe Royal, 66 Regen Street. W., 12. Eva Inds., Midland Hotel, Manchester, 11.45 Halma. Dorchester Hotel. Parl Lane. W, 12. Arthur Holden Midland Hotel, New Street Birmingham. 12. Lesney Products, Tower Hotel, St Katherines Way. E. 3. F. H. Lloyd, Great Eastern Hotel Liverpool Street, EC, 12. Polity Peck, 37 Oueen Street, EC, 11 Road, Manchester, 11,30, Alfred Peck, 37 Queen Street, EC, 11 Rediffusion, Institute of Directors, 116, Pall Mali, SW, 12.15 Reed International, The Institute of Electrical Engineers. Savo Place, WC. 12. Samuel Sherman 10 Hanover Square, W. 10.45. 60 Group, Grosvenor House, Parl Lane, W. 11.30.

# HOW TO BEAT THE

The following six shares were among those recommended in the IC News Letter in 1977 and were all showing increases of at least 350% when the latest comprehensive table of our 1977 selections was published in March of this year. Even the average capital appreciation of all 54 shares recommended in 1977 was 144.0% compared with an equivalent fall of

spectacular advance from the average gain of 74.1% (against one of 6.6% in the FT index) shown in a follow-up table published just over a year earlier in February 1979, exemplifying the staying power and sound fundamentals of most IC News Letter recommendations (although profit-taking remains an important

part of the News Letter's advice).

#### 1.4% on the FT Index. This represents a further Where else could you make this improvement on your savings?

	Recommended	Price at	Appreciation on Recommended Price			
SHARE	Price in 1977	19/3/80	At High	At 19/3/80		
	p.	p.	%	%		
Automated Security Burmah Oil Capital & C. Prop. De La Rue Henderson-Kenton White Industries	15	240	+1,680.0	+1,500.0		
	41	196	+ 507.3	+ 378.0		
	17½	94	+ 514.3	+ 437.1		
	119	610	+ 450.4	+ 412.6		
	44	212	+ 395.5	+ 381.8		
	A\$0.91	A\$16.50	+3,525.4	+1,713.2		
All 1977 Selections FT Ind. Ord. Index	438.1	432.0	+ 244.0 + 27.5	+ .144.0 1.4		

These figures are taken from a follow-up table published in the March 26, 1980, issue of the IC News Letter; this table is available on application.

Since 1966, when comprehensive follow-up tables were introduced and have since been published in the IC News Letter, the IC News Letter's weekly share recommendations have on average beaten the FT Index by substantial margins, averaging well into double figures (based on share prices a year after recommendation).

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# NatWest £8.8m midterm rise

£19.4m to £61.5m meant the first haif 1980 taxable profit increase at National Westminster Bank was held back to £8.8m at £224.8m.

Commenting on the provisions, Mr. Robin Leigh-Pemberton, chairman, said yesterday that specific provisions, up from £10.3m to £47m. relate to the bank's policy towards customers in what is foreseen to be a "very difficult half year or year

He said that if there were any large companies figuring in these provisions then they were very few, and there were no very large ones. The provisions were generally made up of a fair number of small companies, and the bulk related to domestic

The addition to general provision of £14.5m (£9.1m) wa considered necessary to account of the element of lending which the directors estimate to represent losses existing but not yet identified, arising from the combined effect of growth in lending figures and the current economic background.

On interest rates the chairman stated that if they fell another point or two it would not necessarily result in an increased volume of borrowing. Most of the bank's customers, certainly the commercial ones. were borrowing out of necessity on account of the need for working capital in an inflationary period.
First half lending remained at a high level, but a dampening of

the increasing trend is expected in the second half. It was possible a fall in interest rates would result in increased demand for personal borrowing, "but that we have undertaken to resist." said Mr. Leigh-Pemberton.

Enlarging on lending policy, Mr. Jeff Benson, chief executive. age 2.44 per said the bank was trying to of last year.

Grindlays

marginally

down so far

profits dropped from £17.59m to

£17.33m at Grindlays Holdings,

the holding company whose principal investment is its 51

per cent interest in Grindlays Bank. The continuing strength

duction in the bank's profits,

change in the group's foreign

exchange accounting policy made in the 1979 annual

Attributable profits of Grind-

lays Holdings were down from £4.75m to £3.97m, after tax higher at £9.47m (£8.37m) and

share fell from 14p to 11.7p.

but the interim dividend is

raised from 1.0625p to 1.25p net.

Last year, payments totalled 3.75p on pre-tax profits of

Grindlays Bank has declared

an interim of £850,000 (£675,000)

net and dividends receivable by Grindlays Holdings in respect of

Overseas earnings before tax

of Grindlays Bank were higher than in the same period of 1979

with an increasing proportion coming from the Far East and

South Asia. In Europe, overall

results from the UK were dis-

appointing with increasing costs

continuing problem and with lower earnings from the Eurocurrency business main because of reduced margins.

The doubtful debt experience

continues to be satisfactory so

far this year: but slow payment of interest is becoming more

evident in certain areas of

The adverse effect of the

months in respect of working

Lex, Back Page

Gross income of Drayton Far

Eastern Trust for the haif-year to June 30, 1980, rose from

£202,400 to £266,500 with pre-tax

income improving to £233,600, compared with £164,000.

Tax charged amounted to £122,000 (£88,900).

The interim dividend is a same-again 0.4p net and net asset value per 25p share is

given as 64p (52p). Last time a final of 0.725p

was paid from taxable revenue for the year up from £306,000

PRE-TAX PROFITS of Woodrow Wyatt Holdings, printer, slipped from £369,405 to £300,110 in the year ended March 31, 1980, on increased cales of £7.74m, against £6.31m.

The directors are included to the proposed partial repayment of Maurice James Industries.

It is expected that repayment of 10p per ordinary for the proposed partial repayment of 10p per ordinary for the proposed partial repayment of 10p per ordinary for the proposed partial repayment of 10p per ordinary for the proposed partial repayment of 10p per ordinary for the proposed partial repayment of 10p per ordinary for the proposed partial repayment of 10p per ordinary for the proposed partial repayment of 10p per ordinary for the proposed partial repayment of the proposed partial repayment of the share capital proposed partial proposed partial repayment of the share capital proposed partial proposed partial repayment of the share capital proposed partial pr

**Drayton Far** 

Eastern up

at halfway

£0.Sm (£0.6m).

strong pound in the first six year.

overseas was about

recognise

Earnings per 25p

of sterling contributed to a

from £17.98m to £17.43m.

Comparatives

amended to

FIRST-HALF 1980

# HIGHLIGHTS

The re-opening of the sterling bond market for foreign borrowers is analysed by Lex in the light of the placing for the Kingdom of Denmark to raise £75m through a 13 per cent 25 year loan stock. The British Steel accounts reveal a steep increase in losses and a heavy write-off below the line but Lex argues that the Corporation's funding requirement are by no means diminishing. Allegheny Ludlum has come back for the 55.6 per cent of Wilkinson Match that it does not already own with a bid which values the whole group at £64.5m. Lex looks at the terms against the background of WM's difficult trading environment. National Westminster Bank's results may have fallen below earlier brokers' estimates but compare tolerably well with other clearers, a trebled bad debt provision reflects the cash squeeze in British industry but overseas operations have performed well. Elsewhere profits from textile group Vantona, and engineering group Acrow, have been badly affected and the difficulties in Iran bave forced Bath and Portland to delay publication of its interim results for the period to April 30.

nurse many companies through a difficult period. "Hopefully this next 12 months will see a bottoming out." He stuck to his previous forecast that base rates would be down to 14 per cent by the year end. During the first six months six months.

group deposits continued to grow, though the composition has changed somewhat from the end of last year. The overall rise was some 10 per cent and the proportion of currency the total increased from 44 to 47 per cent. A 5 per cent advance in parent bank sterling deposits is largely accounted for growth in 7-day deposit

The rise of interest rates to record levels in the UK, which increased the competitiveness of last year. 7-day money, was also a major factor in first half results.

Another significant factor has been the reduction of the base/ deposit rate margin to 2 per cent as compared with an average 2.44 per cent for the whole

REVENUE of the Manson

Finance Trust increased sharply

from £2.78m to £4.24m in the year ended April 30, 1980, and

expansion in the group's tradi-

tional lending activities. The total of secured advances by the group

increased 32 per cent to £21.7m.

Stated earnings per share are 4.3p against 4.4p. The final dividend is 2p. effectively raising

the total from 2.625p to 3.5p.

During the year the role of Edward Manson and Co. was

expanded-this subsidiary is now

responsible for all new lending

by the group and will form the

base for the planned extension

The Edward Manson banking

operation has more than justified

the capital expenditure involved

directors say, and they are continually looking for new ways

to satisfy demands for efficient personalised banking services.

Group, textile, fabrics and cloth-ing manufacturer, fell from

£4.02m to £1.42m for the first half to May 31. 2 drop of 65 per

an increased interest charge of

however, at 3p net. Earnings per 20p share are given as 4.9p (17.1p adjusted). For the year to November 30, 1979, the com-

pany paid a total of 8p on pre-

Taxation for the first half accounted for £292.000 (£211,000

adjusted). After an extra-ordinary credit of £308,000 (£3,000 debit) and minorities of £37,000 (£95,000) the attribut-able balance is £1.4m against

year because of the printing dispute, business is picking up

encouragingly.
Trading profits in 1979-80 were

£1.24m (£0.52m).

tax profits of £8.57m.

cent on the same period last ability because of low demand year.

The

Turnover was reduced from 537m to £53.4m and there was still disappointing but the board

The board says that conditions tories of around £42m worth and deteriorated progressively in still finds its customers overthe six months, through slow stocked. Interest charges are

The interim dividend is held. • comment

providing a retail outlet, the

of the banking services.

The impact of interest rates has also been offset by margins in certain areas and by cost increases arising from inflation and the recent pay settle-ment the full impact of which will show through in the second

the domestic banking contribuwhich accounted for 61 per cent of group results

International banking activities increased their contribution which now represents 34 per cent of the total; the major factors in this improvement were increased volumes and earnings from foreign exchange dealings. This sectors profit for the six months totalled £84m against £104m for the whole of The contribution of the re-

lated banking services division was materially affected by the initial high cost of funding Lombard North Ceetral Group, which was inevitable in a was inevitable in a of rising interest

Manson Finance profits ahead

Leong Group of Malaysia and

Singapore to subscribe in cash

for 9.85m new Manson ordinary

shares at 39p per share, representing a capital injection

result in Hong Leong holding

The Manson Board hopes, on

and Mergers and from the Bank

of England, to be in a position

within the next month to provide

full details for shareholders of

With an Asian fairy godmether

waiting in the wings. Manson

Finance Trust looks all set to

become a fully fledged bank.

Having grown steadily over the

years through its cautious lend-

group has entered into agree though it had been toying with a expanding is showing encouragment in principle for the Hong rights issue. But Hong Leong, ing results.

Vantona down £2.6m at halfway

TAXABLE PROFITS of Vantona demand, increased costs and more than doubled so far, with

high interest rates.

The major capital expenditure

programme of 1979 has not yet made any contribution to profit-

still disappointing but the board is not despondent for 1981.

It now looks as though the textile sector's trough has

deepened severely. Vaniona's pre-tax slump of nearly two thirds is the first, but most cer tainly not the last grim showing

and stocks remain high.

company is now financing inven-

Woodrow Wyatt slips to £0.3m

androve the issue at an extra- a n/e of 10.

these proposed changes.

The Board proposes recommend shareholders

ordinary general meeting.

comment

as lending activities expand

pre-lax profits were higher at representing a capital injection 5891,000 compared with £662,000 of some £3.8m. This issue would

The directors say the increase 51 per cent of Manson in profits reflects a continued The Manson Board h

Lex. Back Page

prepared to pay nearly £4m for 51 per cent of Manson in order

to enter the UK financial scene. This will take Manson well over

the £5m capital base required for

full banking authorisation. Since Manson is close to its gearing

limits-secured advances were

against shareholders funds of £2.75m at the year-end—and has

been paying most of its profits in

dividends, a capital injection is

clearly needed for any further

expansion. At 44v, a rise of 2p

after the improved figures, the shares yield 11.9 per cent with

Bank Leumi (UK) is increas-

ing its interim dividend from 2.8p

capital gearing at 34 per cent.

U.S. competition in synthetics

hut it does have a potential

bright spot in its uniform business; new export orders should

help in the latter part of the

current year and in 1981. But

this year there is every reason

to expect a pre-tax profit decline

to little more than £3m. well below 1975's level. Vantona

tained final may offer some sup-

port, but a prospective o/e of

14.3 on a full tax charge suggests that the share price is still

down from 7.5p to 6p. after tax of £45.193 (£50.541).

Bank Leumi

lifts interim

3.15p net, for 1980.

On a current cost basis half-

time operating profits were £100m (£147m) and pre-tax profits £112m (£151m). The fall-ing trend of real profits reflects

the high cost of maintaining an adequate capital base to support

the growth in balance sheet

volumes caused by high inflation

Lafferty

Unlike Midland and Lloyds, the management of NatWest refused

vesterday to reveal the move-ments on the Dank's bad debt

provisions. The chairman said this was information which would only be given at the year end. He implied, however, that the substantially increased

the substantially increased charge in the profit and loss account may not necessarily

reflect actual losses eventually incurred. "It may well work

out that the (specific) provision never has to be used," he

carry our customers over this period where strict prudentiality

in other circumstances would not have justified. This is a hoard decision and an act of judgment to fix a figure on the

elements of our lending port-folio which represent latent

"It may be we will have to

admitted.

difficulties.

receipt of the necessary consents nearly £22m (up 32 per cent) from the Panel for Takeovers against shareholders' funds of

ing approach, customers mostly has benefited from the increase

tainly not the last grim showing to follow the recent gloomy predictions from Courtaulds. The able balance sheet and a good news sent shares 9p lower track record: one shudders at yesterday to 89p. Sales volume is down around 16 per cent panies. Vantona's prospective against the first half of last year yield of 13.3 per cent on a main-

writes:

Trading surplus ... Share of assoc. . . .

Minorities
Preference div
Extraordinary debrt
Attributable
Ordinary div
Retained
Toredit
Michael
Laffer

#### continues reschair earnings per 21 share are shown to have rises from 56.3p to 78.3p and the net interim dividend is increased by recovery 20.7 per cent from 7.25p to 8.75p. Last year's total payment was 17.5p from profits of £441.5m.

break-even two years ago con-tinued at Brady Industries in the 12 months ended March 31, 1980—the group boosting taxable profits from £409,184 to

Brady Inds.

A final dividend of 2.75p lifts the total to 4.25p net, compared with a single payment of 3p last

time.
Midterm profits jumped to £181.000 (£4,000), and the directors were confident of continued progress during the second balf. Full-year taxable profits of this shutter, door, erille and lift-maker were struck after slightly lower interest of £223.845 (£256.458). Turnover increased by some £2m to 21.38m. Tax took £295,800 (£212.808) last time there was a deferred tax write-back of £435,758.

SSAP 15 has been adopted and comparisons restated. Stated earnings per 25p share were 14 4p, against 17.2p which included 11.9p in respect of the written back deferred tax pro-

There were extraordinary credits of £83,145 (£45,944)

#### Lower trading margins at W. Pawson

Current trading margins are lower than last year at W. L. Pawson, the textiles group, but they are sufficient to make for "satisfactory" trading.
This was the view of Mr.
Stanley Wootliff, chairman of
Pawson, who told shareholders at the annual meeting that "everybody in the textiles sector is being tarred with the same brush." Mr. Wootliff was commenting on the squeeze on

The chairman acknowledged a continuing high level of gearing. which stood at near 100 per cent, in the last accounts.
Mr. Robert Henton, finance director, later said he expected difficulties in the retail sector to continue for the next few

consumer spending in the retail

#### Metal Closures Sth. Africa up 56% midterm

METAL CLOSURES, the 77 per cent-owned South African subsidiary of Metal Closures Group, reports a 56 per cent advance in pre-tax profit to R1.61m for the six months to June 30. This compares with R1.03m a year earlier and R2.92m for all of

All operating divisions benefited from the country's econupturn, reports the directors. However, in some sectors the company was hard pressed to meet demand. This pressure on capacity is expected to be alleviated by installation The directors say that the bank of new plant and machinery in being small businessmen wanting in capital made last autumn as the current quarter. Meanwhile, new commercial or residential well as from the high level of the rebuilding of the plastics properties, it now wants to interest rates ruling during that factory in the Transvaal is on schedule.

personalised banking services.

The factoring subsidiary properties, it now wants to branch out into such areas as contribution to profit and forecasts are encouraging for the current year.

Hong Leong of Singapore came vities in the six months to June signed it lacked the extra capital. Despite the fact that ray materials cost increases have had to be absorbed, the management expects the current year's profits to exceed those of 1979. However, it warns that the pace of advance in the first-half is unlikely to be maintained.

An interim dividend of 16

cents, against 10 cents a year earlier, has been declared from first-half earnings per share of 38.3 cents. In 1979 dividends totalling 24 cents were paid But this level is less worrying than the 46.5 per cent level of from earnings per share of 69.0 income gearing, a fourfold in-crease since the first six months of last year. The group con-tinues to face the problem of

## Steady rate for yearlings

The interest rate on this week's batch of yearling bonds is 13; per cent, unchanged from last week. Issued at par. they are redeemable on August 5, 1981.

The issues are: South Oxford-shire DC (£.25m); Wansbeck DC (£0.25m): Kennet DC (£0.25m): City of Liverpool (£2.5m): The Receiver for the Metropolitan Police District (£0.5m): London Borough of Brent (£0.5m); Brain-tree DC (£0.5m); Crawley BC (£0.5m); East Hampshire DC (£0.5m): Tameside Metropolitan BC (£0.5m); Worthing BC (£0.25m); Birmingham DC (£1m); Broxbourne BC (0.75m); London Borough of Greenwich (£1m): London Borough of Haringey (flm); Northampton BC (£0.75m).

### Gilgate Secs. wound-up

Midderm taxable profits were slightly alread at £186.646 The group continued to £171,267), and the directors would continue to improve throughout the year. GILGATE SECURITIES, managebelieve this can be maintained in the current period provided ment and administration company for the Gilgate group, was compulsorily wound-up in the High Court on Monday. They now say the full-year the recession does not worsen results were achieved against a beyond general expectation. The installation of a second five-unit MAN press, which will start printing commercially in creditors for £48,000 PAYE tax. Crunsel for Gilgate said she could no longer oppose a wind ing-up order being made.

	SPAIN	_
	July 29	Pric
	Banco Bilbao	228
d	Banco Central	248
_	Banco Exterior	210
s	Bance Hispano	224
·r	Banco Ind. Cat.	120
_	Same Maded	
ıE	Bacca Madnd	141
	Eanto Santander	276
5	Banco Urguijo	136
_	Banco Vizzaya	236
Π	Banco Zaragora .	211
ĸ	Dragados	85
5	Essanola Zinc	60
	Fecso	6C.7
	Gal Preciados	25 2
П	Hidrela	66 3
11	lberduero	61 2
 	Petroleos	120
	Petroliher	86.5
T		107
5	Segatica Telefonies	27.7

# **Baker Electronics comes** to market under rule 163

Baker Electronics, an electrical engineering company, is coming to the market through the placing of 800,000 10p shares, representing 39.6 per cent of those issued, at 60p per share. The company plans to list its shares under Stock Exchange rule 163 (2) and has no present intention of seeking a full

listing.

The proceeds of £480,000 will be used to finance working capi-tal requirements, a high level of stocks, and the company's owing leasing operations. Baker's main arm. Manufac turing Processes Limited (MPL). is a supplier of computer power systems. Last year it took a 51 per cent stake in the newly formed Microdata Computers (MDC), which plans to produce a range of portable microcomputers using silican chip techputers using silicon chip tech-

ology. MDC's first major product is due to be launched next month but Baker polieves it will not make any material impact on the group's results in the current year.

Baker is forecasting pre-lax profits of £240,000 for the year to March 31, 1981, compared with £97,000 in the previous A pro forma balance sheet at June 30, 1980, adjusted for the placing proceeds, shows net current assets of £292,260. The figure of £616,533 for net assets belief the first assets of £200,000.

the company of MPL. The balance sheet also shows net cash and bank balances of £84,462. The placing is being made by Tring Hall Securities. Brokers

includes £173,180 of goodwill arising on the acquisition by

to the issue are Earnshaw Haes. comment

The profits record of Baker

DIVIDENDS ANNOUNCED Current Nat West, Bank ......int. Acrow
Bath, Portland 1st int.
Drayton Fr. Eastrn. Int.
Grindlays Hidgs. ...int.
Brady Inds. Oct. 1 Sept<sub>.</sub> 29 City Offices int 1.3 Oct. 1 1.3 — 3.5 Woodrow Wyatt ....... 1.5 — 1.5 2.5 2.5 C.S. C. Inv. Trust ....int. 3.25 Sept. 26 2.75 — 6.5 Dividends shown pence per share net except where otherwise stated. Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Electronies, which is distorted by the introduction of pension contributions two years ago, justifies the prospective fully-taxed p/e of 10.5. The yield is also attractive at 9.2 per cent and should remain so for the next couple of years, since the chairman has waived dividend rights on over a third of the issued capital. This enables the company to maintain reasonable cover on generous dividend payments. There is an additional carrot in the shape of Baker's new briefcase computer, which is being launched next month and could notch up useful sales. The com-pany is eyeing acquisitions and has an option to buy the minority interest in MDC on attractive terms. The main source of con-cern is the balance sheet. It will show a sizeable net cash position after the placing but it contains a size ble element of goodwill and the offer price of 60p is

# Advance at Reed Paper

TAXABLE PROFITS of Reed Paper, the Canadian subsidiary of Reed International, moved ahead by some CS9.1m to S29.8m in the half year ended June 28, 1980. Sales rose from \$92.2m to \$105.33m.

The pre-tax surplus included substantially higher interest received, at \$6.29m (\$2.05m), but "other inco: \$54.000 (\$316.000). income '

Attributable profits came v profits SILSSM, after tax of \$12.31m— (\$8.95m) and extraordinary credits of \$4.38m (\$5.55m). Comparisons have adjusted to reflect the earnings of the businesses discontinued in 1979.

#### MINING NEWS

almost three times tangible net

# Hampton Areas may join the small oil league

BY KENNETH MARSTON, MINING EDITOR

NOT A MAN given to other than down to earth caution, Mr. Jim Lev. chairman of **Hampton** Gold Mining Areas allows himself a considerable degree of enthusiasm for the UK company's prospects in his statement with the annual report.

Of North Sea oil prospects, he says that it is reasonable to hope that Block 16/21-a will prove to be expable of economic development. This would have a "profound effect" on Hampton Areas which has a 5 per cent interest in the North Sea Sun Oil consortium which is carrying out the drilling.

In fact, Mr. Ley considers that Hampton Areas "may now be upon the threshold of joining small group of UK pendent oil companies independent which have been successful in to provide Hampton Areas with Areas eased 10p to 410p yesterthe North Sea." its basic income, the "cast iron" day to yield only 1.6 per cent.

The company's Great Row UK royalties which are received on coal interests continue to do part of Western Mining's nickel. coal interests continue to do well, especially with the increasing price of oil-energy while the Wultex mining machinery group, which made a profit in 1979 despite the adverse effects of the UK engineering and steel industry strikes, should do better

Australia, however, has had its sappointments, notably with the open-cast gold operation which proved to be uneconomic; the White Hope gold mine which failed to fulfil its hope; and the share in the Northampton lead mine joint venture which presented unsolvable problems of management and which was sold. Mr. Lev points out, before the substantial fall in the price of lead.

production; these payments are: based on the value of the metalextracted rather than the mining profit after the deduction of mining costs.

In all, therefore, Mr. Ley takes: a confident view of this year's prospects, pointing to the fact, that the company's interests are, "relatively immune from the present world trade recession." .... But whether Hampton Areas".

immune " from another take-over" bid in due course, may beanother story: it remains to be seen, for instance, whether Mr.... Carbonising will be content to let ::its holding in Hampton Areas:-However, Australia continues stay at 25.6 per cent. Hampton

Both these appointments will be in a non-executive capacity,

it is stated, and they will take effect on August 1. It is also

intended that, within the context

of recent discussions between the

appointment to the Gold Fields board will be made in due

course.
The joint announcement adds:

"These appointments reflect the intention of De Beers, AAC and

three companies, a

# Australian-Japan agreement for oil-from-coal project

column last month that a bined output of all six commer- an executive director of Anglo. Japanese consortium planned to cial plants would be some build a pilot oil-from-coal plant 100,000 barrels of coal-extracted in Australia's state of Victoria, oil per day. The president of the it is now announced that a draft consortium is Mr. Kokichi Taka- Both these appointments will agreement calls for the estab-lishment of the pilot plant by while the chairman is Mr. Eiji 1933 to be followed, if the pro-ject proves to be feasible, hy six larger commercial plants by the end of the 1980s.

The Japan-Australia national brown coal liquefaction project will be promoted by a consortium of five Japanese firms. To be called Nippon Brown Coal Liquefaction. the Y500m Liquefaction. the Y500m (1950,000) firm will be owned as to 20 per cent each by Kobe Steel, Mitsubishi Chemical Indus-Nissho Iwai, Idemitsu Kosan and Asia Oil.

According to a Tokyo report. the project envisages an approximately 50-50 share in the Y3Sbn costs of the pilot plant between the Japanese Government and the State of Victoria. It will have a daily liquefaction capacity of 50 tonnes of dry coal and will take some two years to complete. Funding from the Japanese

Government is expected to begin in the 1981 budget while long term project. Design of the first commercial executive and a deputy chairman plant, with a capacity of 5,000 of Gold Fields will be joining tonnes of cool a day, is scheduled the board of Anglo American.

Suzuki, president of Mitsubishi Chemical Industries. Liquefaction based on brown

coal reserves is also very much in the mind of Australia's Moonie Oil group. At the latter's Gelliondale exploration licence in Victoria huge reserves of at least 2.3bn tonnes of wet brown coal are believed to exist. Moonie hopes that its joint venture with America's Atlantic Richfield will lead to the even-ual development of a US\$2.5-3.5bn (£1.1-£1.47bn) mine and liquefaction project in which the company will have a 50 per cent

**Anglo-De Beers** and Gold Fields appointments THE EXPECTED inter-change of

board representation following the recent acquisition by the the Victoria state share will be De Beers-Anglo American group represented by the provision of of a 25 per cent stake in Conland, coal, infrastructure and personnel for all stages of the announced. Mr. R. I. J. Agnew, group chief executive and a deputy chairman of Gold Fields will be joining

dent companies when such co-operation is in the interests of their shareholders and does not infringe the competitive situa-tion within the mining industry." BRINCO'S C\$5M

# OIL DRILLING

The Rio Tinto-Zinc group's Brinco Oil and Gas plans a C55m (£1.82m) summer drilling programme in western Canada and the U.S. on oil tarkets. It is-expected that this 23 well drifting expected that this 23 well driffing programme, if successful, could add substantially to the company's present oil production of about 450 barrels per day.

Brinco Oil and Gas, a wholly-owned subsidiary of Brinco, is engaged in oil and gas exploration development and production in western Canada offenses. tion in western Canada, offshore the east coast, and in the U.S.

# KCA in trade pact with China

oil shipment and distribution company, KCA has formed a joint venture company, KCA Fesso (Hong Kong), with a capital of U.S.Sin.

company, KCA has formed a joint venture company, KCA Fesso (Hong Kong), with a capital of U.S.S.Im.

The new company and KCA have also signed a compensatory trade agreement with the China National Metals and Minerals Export Corporation in Peking Under this agreement, a new I.S.S.Im.

The new company and KCA have also signed a compensatory trade agreement with the China National Metals and Minerals Export Corporation in Peking Under this agreement, a new I.S.S.Im.

The new company and KCA have a ninvolvement was already have an involvement and Production, which has joined the Seismic Shoot with B.P. in the South Yellow Sea.

The longer term benefits to worth U.S.S.Isom and the barrie K.C.A. from this new project. Surplus to K.C.A.'s own require will soon be an to announce the surplus to K.C.A.'s own require will soon be an to announce the surplus to K.C.A.'s own require will soon be an to announce the surplus to K.C.A.'s own require will soon be an to announce the company of the surplus to K.C.A.'s own require will soon be an to announce the company of the surplus to K.C.A.'s own require will soon be an to announce the company of the surplus to K.C.A. is own required. The longer term benefits to be worth U.S.S.Isom and the barrie will be exported to South the South Yellow Sea.

The longer term benefits to be worth U.S.S.Isom and the barrie of the South Yellow Sea.

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The longer term benefits to be worth U.S.S.Isom and the barrie of the South Yellow Sea.

The longer term benefits to be worth

KCA International, the British-stalled in exchange for the sole based oil drilling and services rights to purchase the total outgroup, has joined forces with a Hong Kong company to undertake trade with China and, in plant, and the plant of the sole 1981, K.C.A. Feoso has about 1981, K.C.A. Feoso has been plant to purchase about 1981, K.C.A. Feoso has about 1981,

group, has joined forces with a Hong Kong company to undertake trade with China and, in particular, to purchase Chinese barite for sale on the world market.

Together with Feoso Oil, an oil shipment and distribution company, KCA has forced a joint venture company, KCA has forced a joint venture company, KCA Feoso

The Confidence of Confidence of the Confidence o 

# The 10 per cent unsecured loan marginally lower at £609.583 try in the final quarter. Start printing commercially in stock 1982 will be repaid at the (£629.123), before interest some The net total dividend is held August, will substantially inseme time. £80.000 higher at £282,223 and at 2.5p, with a final of 1.5p. prove productivity, they add. Ellerman 'capable of profit this year'

of 10p per ordinary share and 75p per preference share will be

made about the middle of August

Ellerman Lines believes it is capable of returning to profit unrealisable.

Asked later about the possibility of obtaining a quotation.

Martin-Jenkins, reflecting on the worst results since he became chairman of the shipping, leisure, breweries and insurance group in 1967, blamed the continuing considered over the longer rather than the short term. slump. shipping stump, apparing than the store term, weather and industrial unrest for He stressed, however, that the attributable loss of almost Ellerman would have to restore

that the group is running slightly below budget but not to the which requires a five-year record

appailing than the short term.

ESm last year.

He told shareholders at yesterday's annual meeting, however, he would prefer to pursue the offer-for-sale route to a listing

throughout the year.

He insisted that the two charitable trusts set up by the late Sir John Ellerman would never relinquish control of the group. At present, the trusts jointly own 79 per cent of the deferred equity, the only class of share to hold votes.

an unnamed investing institution which, with other disposals, has

background of very poor trading conditions in the printing indus-

of share to hold votes. Ellerman is now undergoing an extensive programme of cost-cutting, allied to asset sales. Two cutting, allied to asset sales. Two vessels have been sold at an so for this year and the floor of

likely to be reduced by a further two vessels before the end o The head office in the City has

raised £25m in 1980. ments will cut borrowings further to under £60m. Net worth is

# هكذامن الأحل

Bath and Portland picture still blurred by Iran debt

PUBLICATION OF the interim statement from Bath and Particular Group has been delayed as the givil engineer attempts to the mastrice of the first the mastrice of the first the mastrice of the debts due from the Government of Tran to the mastrice of the first the mastrice of the first the mastrice of the debts due from the Government of the mastrice of the debts due from the Government of the darly the position of its £105m large and they arise principally profits from the engineering and provide the goods and serminerals divisions, however, have beld up well.

companies and Markets

work on the 180-mile Baluchi star read contract, which the star read contract which the outcome of the group's claims in view of their magnitude and complexity."

On a brighter note, profits from the UK-based subsidiaries from the UK-based subsidiaries climbed from £823,000 to £785,000. Work on the 180-mile Baluchi-But the Export Credits Guaranthe Department has promised an early review of the group's

The group responded to a formal legal notice cancelling the contract from the client, the free Ministry of Roads, to the effect that Bath and Portland would be applying to the Courts for a deplaying to the Courts. is Iran for a declaration that the Ministry had already abrogated the contract on April 21 by its continued failure to honour its contractual obligations." Sir Kennth and his colleagues believe that the financial position

of the company has not de-April 30, but the board still con-curs with the view expressed by the andlers in the last accounts. that it was not possible to assess whether provisions totalling 195m were adequate or excesgive. The beard is not able to quan-

tify the fran figures except to gay that the interest payable hich would be chargeable to the contract for the half-year is obviously continue to do so for

provide and to pay for work

On a brighter note, profits from the UK-based subsidiaries climbed from £623,000 to £765,000 at the interim stage and the board has declared a first interim dividend of 1p per share. Last year shareholders received a single interim dividend of 1.6p per share.

Loans totalling £13.5m, advanced by the group's haukers and guaranteed by ECGB, are still outstanding and the group can only look for their liquida-tion from funds emanating either from Iran or from its insurers.

"In consequence." Sir Kenneth explains, "we have sought and obtained from ECGD agreement to an early survey of our claims and this exercise is a survey. and this exercise is now in hand for completion within two to

three months."

The interim results will be published "as soon as they can be completed with an accurate survey of the Iran situation" but the chairman is already warning of increasingly difficult conditions in the U.K.

Exports and home demand "have been falling fast and will

accounts qualified engineering operations—the two half yearly bright spots—while agriculture is "facing a depres-

generally when judged by the farming community's buying habits" and the dult building and civil engineering division, which lost £143,000 after six months, "cannot show any improvement until after the end of the calendar year.

sion far more than industry

# **Celestion** outlook brighter

Although prospects for Celestion Industries are not very favourable, Mr. D. D. Prenn, the chairman, is hoping for higher profits from the clothing division to give better overall results. In the last full year to March 30, 1980, severe losses of £524,881 on the sound reproduction side

led to the group incurring a pre-tax deficit of £112,888, compared with the previous yer's record profit of £1.31m. Against dismal market conditions, the sound reproduction division continues to introduce new products and it is expected that this policy will lead to reduced losses this year, Mr. Prenn tells members in his

# Sound Diffusion's

The auditors of electronic engineer Sound Diffusion have qualified their report on the roup's 1979 accounts.

Russell, Offly and Co., says that because of the recent wide variations in interest and inflation rates, they no longer feel able to express an opinion as to whether the directors' assumption made in assessing the company's future commitments in respect of guaranteed minimum rentals payable as a result of equipment sold in 1979 to financial institutions, are fair and reasonable.

In Section D of the statement of accounting policies dealing with future commitments the directors' assumptions in preparing certain projections referred to: Inflation provided for on the basis of 10 per cent per annum compound; and: The interest rates on Inter-bank 3 months sterling deposits (which govern the minimum rental com-mitments to the financial institutions) will on average amount to

8 per cent per annum.
The auditors add that as indicated by the note in the directors' statement of accounting policies, the assumptions on the two rates have a material effect upon the results disclosed by the accounts. As published on June 19, tax-able profits of the group for the year fell from £790,000 to £379,000. Shareholders' funds are given as £5.18m (£4.07m), cash with the exception of the at bank £960,000 (£418,000) and bank overdraft nil (£151,000). Meeting: Hove, September 26, are performing well.

Strike-hit Acrow dives to £2m AFTER SEEING profits decline from £5.98m to £1.31m at half-Acrow, international engineering group, has reported a fall for the year to March 31, 1980, of 85 per cent, from £13.78m to £2.02m. Turnover slipped from £151.17m to

There was a tax credit of £464,000 (£4m charge) and after an extraordinary debit of £278,000 (£2.5m) and minorities the attributable balance is £2.25m (£7.31m).

Earnings per 25p share are down to 3.98p (15.56p) but the FOLLOWING THE increase final dividend is held at 1.5p, from £536.000 to £694.000 at making an unchanged total of The profit figure is stated after

charging redundancy costs of £707,000 (£43.000) and interest of £5.19m (£3.01m). The company's properties have been professionally revalued during the year and the surplus

amounting to £13.22m has been credited to reserves. The year under review has been the most difficult in the group's history, says Mr. W. A. de Vigier, chairman, Businesses

have been hit by the haulage, engineering and steel strikes. Some businesses have come under severe market pressure and the board is determined to overcome the present recession by reviewing and where neces-sary increasing sales efforts.

The modernisation and investment programme which has just been completed in the UK will enable the company to operate as efficiently as any competitor, provided there is industrial peace, he says.

first half but feels confident that the company will begin to return to a growth pattern in the second term.

# Regional **Properties** pays more

midway, taxable profits of Regional Properties improved to £1.63m for the year ended March 31, 1980, compared with £1.24m previously.

As expected, the directors are recommending an increased final dividend—the payment is nnal dividend—the payment is 1.25p (1p) to raise the total from 1.5p to 1.9p per share. Stated earnings per share are 4.71p against 3.75p, while net asset value per share amounts to 200.8p compared with 170.50 to 20

Commercial investment properties were professionally valued at the year-end and to-gether with the book value of the residential properties which were not revalued, resuited in a net aggregate figure of £43.73m, producing a net surplus over book value of £11.64m. Net interest and outgoings on

development properties amounts to £579,907 (£516,346) and an extraordinary credit of £414,087 against £2.53m previously is transferred to capital reserve, leaving a surplus for the year of £878,085 against

Scottish & Newcastle

Breweries

### **BOARD MEETINGS**

The following companies have notified dotte of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interime of finals and the sub-divisions

shown below are based mainly on last year's timetable. TODAY interime:—Drayton Commercial Investment, F. Prest Engineering, Presting, Yeoman Investment Trust, Weber, Thomas Witter.
Finals:—Blackman and Conrad, J.
Jarvis, Stavert Zigomala, Stock Conver-

Foreign and Colonial Inv. Tst. Aug. 7 Guardian Royal Exch. Assur. Sept. 3 Impenal Chemical Industries ... Aug. 28 Relyon (P.B.W.S.) Aug. 15
Slough Estates Aug. 27
Verdeniging Refractories Aug. 20
Ward Holdings Aug. 22 Contreway Trust ......

Owen and Robinson

# **Daniel Thwaites** tops £3m

aion and investment Trust.

FUTURE DATES

WITH a slight improvement in the second half Daniel Thwaites and Co., unquoted brewer and wine and spirit distributor, increased pre-tax profits from £2.56m to £3.12m in the year to March 31, 1980. At the interim stage the com-

pany reported a figure of £1.98m against £1.52m, but did not expect to match that of the previous year, because increasing costs.

Turnover for the year was up £28.03m (£24.83m). Tax took £1.51m (£1.43m).

The final dividend is lifted from 4.7p to 6.2p, making a net total of 7p (5.5p).

Extraordinary credits, which increased from £172,409 to £438,289, were transferred to

## Static half for City **Offices** GROSS INCOME of the City Offices Company, property investment and development

group, climbed from £843,563 to £931,982 for the first balf of 1980. but pre-tax profits were little changed at £677.959, compared with £675.420. After tax, up from £171.121 to £290,672, stated earnings per 25p

share fell by 0.44p to 1.43p, although the interim dividend is maintained at 1.3p net-last year's total payment was 3p on taxable profits of £1.39m.

### **BIDS AND DEALS**

# Rowe & Pitman sells 15% of Hong Kong offshoot

representatives of Broken Hill Proprietary, Shell Transport and Trading, Lazard Freres, Dillingham Corporation, Dominion Bank, Banque Nationale de Paris and Citibank.

PICA's total net worth in the last balance sheet was US\$150m. The group specialises in longerm loans, equity participation and the supply of management expertise to companies throughout South East Asia. Its investments in the 10 years since it

was founded exceed \$150m. in the world," Mr. David Brooke, uptil August 11.

Matthew Hall has acquired cent).

James Williams and Co. (Neath 1957) for £1.68m cash—part of

which will be paid to a retention

In the year to March 31 last,

Based on its own estimate of

Williams, a specialist in mine tunnelling, made profits before tax of £348,060.

assets acquired are worth about

Mr. Arthur Hoskins, managing director, said the acquisition will add to the group's mining expertise—complementing the operations of Matthew Hall Ortech, which designs and constructs process plants for the treatment of coal and other minerals, S. A. Scott Inc., a consultance company specialising in

sultancy company specialising in sub-surface engineering, and Qualter Hall, supplier of mine

shaft and materials handling

The Sun Life Asurance society has increased its holding

of ordinary shares in Group

Mr. Arthur Hoskins, managing

the value of the plant, Matthew Half considers that the net

has sold a 15 per cent stake in Many of Rowe and Pitman's Hong Kong subsidiary, Rowe UK institutional clients, Mr. and Pitman (Far East) to Private Brooke said, were looking for investment Company for Asia ways of investing in industries (PICA).

PICA is a private Asian with PICA could provide the development finance institution. Similar in function to the City-hacked Industrial and Commer-financial avenues that would be

dal Finance Corporation in opened through a shareholding ondon. in a broking firm with major Its shareholders include many City of London connections. It of the large multinational cor- sees the future activity in Asia porations and its board contains determined "not only by the abundant opportunities but by the availability of funds for equity investment." It will seek those funds worldwide.

## Vickers has 72% of R-R

Vickers has received acceptances in respect of 42,309,202 (71.7%) ordinary shares in Rolls-Royce Motors. The offer has as founded exceed \$150m. been declared unconditional as The link between the stock- to acceptances and remains conbrokers and PICA is "an excit- ditional upon clearance from ing development in one of the the Monopolies Commission.

most exciting investment areas The offer has been extended

Mr. M. J. Stringer, director, has disposed of 104,000 Tozer

Kemsley and Millbourn (Holdings) shares at 67p, leaving his holding at 2,965

The Sun Life Asurance Society

cent) on Glasgow Stock

now holds 627,500 shares (5.6

JONAS WOODREAD COMPLETES

PURCHASE
The directors of Jonas Woodhead and Sons say that the conditions subject to which they
agreed to buy 75 per cent of
Construction et Refection Technique et Moderne of Clichy,
France, have been satisfied.
The purchase has now been
completed and the purchase price
of FFT 8.63m (about £930,000)
has been paid. CRTM makes
shock absorbers under the brand
name of Amortex and has an

name of Amortex and has an extensive range for the French.

German and Italian automotive

ACQUISITION Kiwi International Co's sub-

sidiary, Kiwi Products (U.K.), of Yateley, Surrey has acquired Hoyell's of Yalding, Kent, for

Hovell's, established in 1854,

manufactures and distributes a

range of Christmas crackers

Christmas decorations, cake decorations and other fancy

goods, through a wide variety of

The acquisition will bring benefits to both Kiwi U.K. and

Hovell's with particular benefit

being achieved for Kiwi's Cameo candles division who share many trade outlets with Hovell's.

ASSOCIATES DEAL

Rowe and Pitman, associates

of British Land Company, today bought for an associate of British Land, 35,000 Corn Exchange

a partner in Rowe and Pitman, KULI (UK)

per cent) on holders Trust.

**PURCHASE** 

KIWI (UK)

UK outlets.

shares at 50p.

PROVINCIAL

CITIES AHEAD

£1.68m Matthew Hall deal

Oil and chemical engineer Investors to \$47,500 (12:23 per

# Limited

Profit growth from generally improved performance

Extracts from the Statement by the Chairman, Peter Balfour

It is pleasing, after two years of stagnation, to be able to record an increase in both profits and in volume of beer sales. Operating profit was up by 22 percent but the impact of increased borrowing and higher interest rates resulted in a profit before tax up by nearly 10 percent. There was an improvement in the performance of. all our activities, except hotels, where there were special circumstances, and I believe we are justified in claiming that the effects of our reorganisation, on which so much attention has been concentrated in the last two years, . are now beginning to show through and that some of our problems are behind us.

#### BEER WHOLESALING

Brewing and beer wholesaling continues to be our most important activity and the profits of Scottish & Newcastle Beer Company, our beer wholesaling and manufacturing company, were up by 29 percent. There was a volume increase for the first time since the peak year of 1975/76. The. improved position is largely due to the success of our efforts to bring lager sales more nearly into line with the national average,

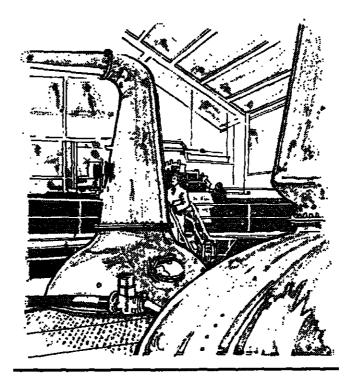
## DISTRIBUTION

New depots have been opened at Washington New Town and Kenton Bank to serve North and South Tyne, and at Dunstable. We have now almost completed reorganisation of our distribution fleet and its associated services. We believe that consumer confidence in our ability to deliver has increased, and we have been regaining customers lost through poor service in the past.

#### BREWING AND PACKAGING

Most of the major works to bring our production facilities up to date have now been completed. Work is proceeding on the new bulk packaging line at Tyne Brewery, which should be in use in early 1982.

#### HOTELS



1980 £m	1979 £m		
39.1	35.1		
12.4	11.2		
16.1	12.6		
10.1p	8.5p ;		
	£m 39.1 12.4 16.1		

fall in profits. Last year I warned shareholders that a combination of a poor tourist season and the decision to make alterations and extensions to some of our major units was likely to have an adverse effect on profits. It is satisfactory to note that those units where no major alterations were made have shown increased profits. We would expect a resumption of profit growth this year.

#### MANAGED PUBLIC HOUSES

Most of our managed public houses are concentrated in our main trading areas where trading conditions have been very difficult. We have, nevertheless, increased our profit

by 24 percent. Forty alteration schemes of more than £30,000 each were completed.

#### **WAVERLEY VINTNERS**

Waverley Vintners has had a successful year, in spite of difficult trading conditions, and has increased profits by 33 percent. Sales by both volume and turnover have been at record levels.

#### CAPITAL EXPENDITURE AND FINANCE

Capital expenditure in relation to reorganisation of the distribution organisation and restructuring of brewing activities will now largely be confined to renewal of existing equipment. The principle that we shall endeavour to follow is to rely on internally generated cash flow to maintain the business and to borrow to finance future expansion.

#### THE FUTURE

The current business climate makes the immediate future very difficult to predict. I am nevertheless confident that the Company has sufficiently strengthened its position during the last year to at least maintain its share of the market in all the activities in which it is involved. A reduction in the high level of interest rates would benefit earnings, but real progress will have to wait until an improvement in general market conditions provides the opportunity. I believe we are now in a position to exploit any such opportunity to our best advantage.

To: The Company Secretary, Scottish & Newcastle Breweries Limited, Abbey Brewery, Holyrood Road, Edinburgh EH2 8YS Please send me your Annual Report & Accounts for 1980 (BLOCK CAPITALS please)
Name-
Address
amen Mariado, amb 100, a perso 140 las cor 1600 de came un estraça da pado superpos Plan Il Addida del a abba embello a como estado de especialmente

## **COMPANY NOTICE**

SHARE STAKES

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE CANADA-UNITED KINGOOM FREIGHT CONFERENCE VOTICE TO SHIPPERS AND IMPORTERS FUEL COSTS

The member fines of the above Confrences operating services between the
finitial Kingdom, hearthern freland and
for Republic of Incland and Canadian
fartime. St. Lawrence River and Great
factories to their press announcement
twisted in Agral ast which attrised that
the mantily maniforing of bunker costs
all revealed that a surplus had accumuried in the lines bunker recoveries and
for the coordance with agreed Conserence
for dury the applicable bunker surcharge
for dury as from 15th May would be
founded by the equivalent of Dirs. 2.00
or ton until such auralus that been
findered.

gate with the as tollows:

O per ton weight

D per ion measure
incomercy

for containers moring under
and an analysis of the containers

20' containers—Dirs. 93.00

Der containers—Dirs. 93.00

Der containers—Dirs. 93.00

Der containers—Dirs. 171.00

Infer servaires will continue to at from the Conference currency

All the containers of the bunker to the containers to the montalive and will not spelly to them to the containers to the bunker or resulting from the montalive my will be announced as and when

Cities Trust rose from £101,741 to £116,879 for the year ended May 31, 1980, after tax of £50,462, against £48,846. Gross income was up £32,251 at £209,922.

Net income of the Provincial

Earnings per 25p share increased from 2.1p to 2.41p and the dividend is lifted to 2p (1.78p) net, with a final of 1.29p. Owing to an agency error, the figures in vesterday's report were transposed.

The Hotel Company showed a 34 percent

# INI presses International Harvester on Enasa deal

A top level delegation from the Spanish state holding com-pany, INI, led by Sr. Jose Miguel de la Rica, the president, flew unexpectedly to New York on Monday and was due to meetwith executives yesterday. Sr. de la Rica, whose company currently owns 91 per cent of Enasa, was expected to press IH to commit itself to the agreement although INI is apparently willing to accept some delay.

For its part IH is still working on a detailed study of Enasa and its future operations. The main difficulty affecting the agreement has been the com-plexity of the proposed deal

Copper price

unchanged from last year.

The price of copper during

the second quarter was about

the same as in the comparable 1979 period. But the much

stronger price which prevailed

in the first quarter pushed

profits up sharply in the first

Second quarter profits at

Asarco slumped from \$68.37m to \$32.53m, or from \$1.22 a

share to \$1.10. leaving the half-

year total at \$116.65m against

fall hits Asarco

comment on the progress of the negotiations. IH is due to take a 35 per cent shareholding in Enasa as part of a wide-ranging agreement which

includes linking the two com-

panies' distribution networks and an investment of \$100m by

IH in a new engine plant near outline agreement INI would of the main springboards by first huy out the existing share-holders in Enasa and then all holders in Enasa and then sell 35 per cent to IH. INI would continue to cover all Enasa losses through to 1982. Last year these topped \$100m and

The agreement also envisaged DAF.

FINAL AGREEMENT on the and the size of the financial heavy cuts in Enasa's work-proposed links between International Harvester of the U.S. to make in the face of serious stake has never been disclosed. and the loss-making Spanish trading losses at home.

In New York yesterday Interunded in March took the precaution of the deal is due to expire.

Since the agreement with IH was of necessity tentative, INI and March took the precaution of that top level talks with Enasa talking to two Japanese motor groups, Toyota and Nissan, the street of the complete of the comp about Enasa's future and both

these companies have retained a residual interest. Until January Nissan was considering a venture in which Enasa would be merged with Motor Iberica to form a large Hispano-Japanese automotive group.

If IH does go ahead with the Enasa and engine plant agree-European truck market by the mid-1980s. IH already owns Atkinson, Seddon Lancashire-based heavy truck this year will probably be maker, and has a 33 per cent larger. stake in Dutch truck maker.

# Arco maintains growth in second quarter profits

and Kennecott BY OUR FINANCIAL STAFF By Our New York Staff

GROWTH AT Atlantic Richfield KENNECOTT CORPORATION (Arco), a leading integrated and Asarco, two large metals U.S. oil group which owns The Observer newspaper, has been the latest quarter because of maintained in the second quarweakening copper prices and Net income at Kennecott was

The quarterly dividend is being increased from 421 cents to 471 cents a share, payable \$21m. (or 63 cents a share), down from \$33.3m or \$1 a share, in the same period last September 15 to shareholders year. Sales were down from registered on August 8. The \$628m to \$577.2m. Six month earnings were \$92.5m. or \$2.49 a share. up from \$54.5m. or \$1.64. Half. year sales were \$1.2bn. The two-for-one split of May 9.

Six month earnings were it to two-for-one split of May 9.

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Six month earnings

\$434.8m or \$1.75 a share in the second quarter, against \$260.4m or \$1.06 a share in 1979, on revenues up from \$3.7bn to

Profits for the half-year totalled \$860.9m or \$3.48 a share. against \$502.6m or \$2.05 a share in 1979, on revenues increased from \$7.2bn to \$11.1bn.

The company said principal contributors to the income gain in the second quarter were higher production of crude oil from Alaska's North Slope and

S105.72m. Earnings per share were up from \$3.46 to \$5.63. improved prices
Phillips Petroleum, the U.S. Sales for the quarter were oil group with large North Sea \$454.86m (\$442m) and \$1.12bn interests, reported only a small tions were also down because of (\$844.3m) for the six months gain in profits for the latest higher costs and a weak market.

quarter, but blamed this on Norwegian tax policy and the weakness of downstream U.S. operations.

Earnings were \$214.8m, or ter, and shareholders are to get \$1.41 a share—only slightly a bigger payout. \$1.39 a share reported in the same period last year. Revenue in the second quarter was \$3.23bn, up from \$2,22bn.

For the six-month period Phillips earned \$499.3m or \$3.26 a share, up 27 per cent on last year's \$391.6m or \$2.54 a share. Revenue was up from \$4.20bn to

Phillips said the slx-month figures reflected the impact of Norwegian taxes which had been made retroactive to January 1 of this year, and had reduced earnings by \$117.8m.

Mr. William Douce, chairman, said that basic earnings had increased due to higher oil production and higher prices for oil and gas. But second quarter profits were hit by the glut of petroleum products on the U.S. market, and this affected Phillips' refining, morketing and transportation activities.

Second quarter earnings from the company's chemical operaClosures at U.S. Steel slow fall

By Jan Hargreaves in New York

in earnings

INTTED STATES STEEL. the largest American steelmaker, in the second quarter continued to show earnings benefits from last year's costly programme of plant closures and redundancies.

In spite of a severely depressed quarter for the steel industry, which ended with U.S. Steel's steelmaking operations running at only 65 per cent of capacity, the company reported net income for the quarter of \$111.5m, compared with \$150.4m in the same quarter of 1979. Sales were down from \$3.6bn to \$3.1bm

Mr. David Roderick, the chairman, said that while the bulk of the company's profits came from its non-steel operations, notably from chemicals and natural resources, last year's closures had prevented steel manu-facturing from slipping into the red.

Mr. Roderick also painted a cautiously optimistic picture of the rest of the year to provide a "foundation for future progress." Steel productivity had improved, he said, and the company had demon-strated the success of its diversification programme.

He spoke, however, of further pressures to reduce the company's workforce beyond the 25,000 men currently laid off.

The rate of orders coming into U.S. Steel at the end of the quarter was almost 50 per cent below the peak level in early March, creating con-ditions for recession levels of production in the third

But none of this prevented U.S. Steel producing income considerably higher than some analysis' forecasts, mainly thanks to the maintenance of reasonably strong demand for the company's agrichemicals and some of its industrial

For the half year U.S. Steel earned \$238m on sales of \$6.3bn. compared with profits of \$288m from sales of \$6.7bn last year.

Steel shipments in the first half were 9.1m tons, compared with 11.5m tons in the corresponding period of 1979. **METRO-GOLDWYN-MAYER** 

# Riding back from the sunset

BY RICHARD LAMBERT, FINANCIAL EDITOR

at a rate of 12 or 15 a year, compared with its recent annual output of only four or five new films. At around the same time. the company could also be approaching a decision to return to the film distribution business which it abandoned in 1973.

"The film business has never been healthier than it is today." enthuses Mr. Frank Rosenfelt. MGM's president and chief executive. It has certainly come a long way from that bleak day ten years ago when, in what seemed a symbolic break with its glamorous past, MGM auctioned off such treasures as a pair of Kim Novak's underpants and the ruby shoes in which Judy Garland had once tripped along that Yellow Brick

The turning point, according to Mr. Rosenfelt, came with The Godfather and Jaws—" really historical films," Before they hit the screen the movie industry thought it was doing well if it could produce a film every five or 10 years which pulled in \$100m at the box office. Now. Mr. Rosenfelt says that half-a-dozen new films each year are

producing such figures.

Mr. David Begelman, chief operating officer of MGM's motion picture division since January, suggests that by the early 1970s television had reached almost the ultimate in what it could achieve in the form of family entertainment. That made it possible to create a new audience willing to pay increasing box office prices for what he describes as "an event film"—a star-studded production with lots of special effects.

At the same time, important new sources of revenue bave

movie entertainment and has become a significant contributor to MGM's annual revenue of \$139m from feature films.

Mr. Rosenfelt also sees enormous opportunities in the development of video cassettes and, especially, videodiscs. With a touch of hyperbole worthy of Louis B. Meyer himself, he "can see the time when every kid, not just in the U.S. but in the whole world will have his own Tom and Jerry set on disc."

priate, to seek pre-production finance by, for instance, setting up a deal with pay-TV. Yet, as was emphasised in a recent cir-cular to shareholders, "the production of film projects is an extremely speculative en-deavour," and the overall capital requirements of the business are set to increase

sharply as production volumes build up. To meet these needs, the film side has established a threeyear unsecured revolving line

A renewed commitment to the film industry is gathering pace at Metro-Goldwyn-Mayer, the film making company recently hived off from the MGM film and hotel group. New sources of revenue are emerging for this side of the business and output is to be lifted threefold from its recent annual production rate of four to five films.

MGM has a unique library of of credit for up to \$50m from 1,600 feature films, including Bank of America. It hopes that such hits as Gone with the most of the rest of its needs Wind, The Wizard of Oz and can be met by self-generated 2001: A Space Odyssey. The funds, which have been run-book value is \$89m, which in- ning at upwards of \$40m a year. cludes virtually nothing for films initially released more than 15 years ago. Last month, it announced plans to link this libary with the extensive disc manufacturing and distribution facilities of CBS in a joint venture to market video cassettes and videodiscs around the world. Mr. Rosenfelt says the

company will be happy to go along with any technology the hardware manufacturers care to

Such ambitious expansion plans lie behind the decision to split MGM into two free-standing quoted companies—a more which was approved by shareholders at the end of May, and has now been put into

Over the 1970s, MGM developed its hotel and gaming interests in Las Vegas and Reno to the extent that in the 12

GHOSTS are stirring in Culver in the U.S. for the first time, films by avoiding the \$20m or \$140m, roughly in line with its City. By the summer of next compared with the cinema's \$30m "blockbusters" and by borrowings, and over the next year. Metro-Goldwyu-Mayer extotal box office take of \$2.8bn. being prepared, where approcouple of years is proposing to pretty to be producing new films Pav-TV consists primarily of priate, to seek pre-production spend around \$300m on extenborrowings, and over the nexter couple of years is proposing to-spend around \$300m on extensions and a new hotel casino in-Atlantic City.

Mr. Rosenfelt says that MGM saw a period when there would be intense competition for funds; between the two main parts of the group. It decided the best, way to eliminate this friction, would be to split itself into two-companies—MGM Grand Hotels and Metro-Goldwyn-Mayer Film
—and to let each company make its financing decisions on the basis of its own needs. The other's requirements.

An added attraction of such a split was that it underlined MGM's renewed commitment to the motion picture industry. Its increased prominence will, if "hopes, enable it to have first bite" at new projects and properties""

gone to the competition.

Responsibility for selecting and steering the film production programme lies with Mr. Begel?": man, who has a four-year contract with MGM worth at least \$1.9m. He was at one time in charge of Columbia's motion picture division, where he brought out a string of hits such as Close Encounters of the Third Kind. But he left in controversial circumstances and in 1978 pleaded no contest to a charge of grand theft in connection with his employment at. Columbia. After a period of pro-bation the case was dismissedlast year.

His current programme in-cludes such titles as Tarzan, the Ape Man. Grand Hotel, and Whose Life Is It Anyway. "We: live film by film," says Mr. Rosenfelt, reeling off the takings." of MGM's big recent success....
The Champ. "These numbers.... new sources of revenue have been emerging for the film business. Last year, pay-television grossed more than \$1bn cial exposure to individual manufacturers care to months to February they accounted for two-thirds of are like the National Defence group operating income. The budget to me—and they all addivision have a set of the cial exposure to individual hotel side has net assets of up happy."

#### INTERNATIONAL BONDS

# **DM 200m** World Bank issue

By Francis Ghilès

THE WORLD BANK has arranged a DM 200m private placement in the foreign D-Mark bond market. The borrower is paying a coupon of 7% per cent for an eight-year issue priced at 99; per cent to yield 7.79 per The last bond for this bor-

rower in the foreign D-Mark sector, completed two weeks ago, was a DM 700m public of 8.11 per cent. The World Bank has been a

prolific borrower of late. Sigce early June it has arranged Euro-bonds worth almost \$1.2bn equivalent in the dollar. D-Mark and Swiss franc sectors. In the secondary D-Mark bond market, prices of seasoned issues firmed slightly on the

day. This was also the case in

the secondary Swiss franc bond In the dollar sector, prices of seasoned issues slipped by about a point on the day, reflecting Monday's fall in the New York bond market. At these lower

levels, however, some dealers report some buying interest.

#### AMERICAN **QUARTERLIES**

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OTHER STRAIGHTS
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# FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published U.S. DOLLAR STRAIGHTS Brit. Oxygen CECA 112 B8 CECA 112 B8 Citcorp O/S Con. Illinois Denmark 112 Doma Patrola

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f Only one market make; supplied a price.
Straight Bonds: The yield's the yield to redemption of the
mid-price; the amount issued is in millions of currency
units except for Yen bonds where it is in billions.
Change on week - Change over price a week earlier.
Floating Rate Notes: Denominated in dollars unless other,
wise indicated. Coupon shown is minimum. Cotte—Date
next coupon becomes effective. Sprised - Margin shove
sur-record of the first three-month; is above mean
rate) for U.S. dollars. C.con - The current coupon.
Cyld - The current yield.
Correctible Bonds: Denominated in dollars miness other
wise indicated. Chy day - Change on day. Criv. date First date for conversion; into: shares. Criv. price Nominal minum of bond per share expressed in
currency of share at conversion rate fixed at issue,
Prem - Pertantage premium of the current effective price
of sequiring shares we the bond over the most recent

FLOATING RATE

NOTES

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Bank of Tokyo 51, 89. 101,
Barclays O/S Inv. 5 90 01,
Bergen Bk. A/S 6 89. 201,
Bilbao Int. NV 51, 90. 01,
Citicorp O/S F. 83. 540.
Citicorp O/S F. 84. 100.
Co-operative Bk. 8 86. 02.
Craditanstalt 51, 91. 5104.
CNT 51, 86. 90. 101,
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LICAS 51, 83. 104.
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UNITEDINTERNATIONALBANKLIMITED

UNITED INTERNATIONAL BANK LIMITED

SUMIS QUARTERLY REPORT

# Oil exporters repay their debts

INTERNATIONAL BANK LENDING BY LOCATION

121.6

49.6

13.0

47.0

55.5

127.1

12.5

883.5

amounts in \$ba)

546.7

147.7

56.1

52.8

146.6

15.2

1,041.5

quarter.

eir debt to international banks their oil income grew during a first quarter of this year, test figures from the Bank for temational Settlements show. The development sheds new he on the recycling process is year as the report covers period when some inter-tional banks said they were coming less aggressive in comting for new OPEC deposits. the same time many banks re also more cautious in lendg to the oil-exporting counfollowing the political

isis in Iran. As they repaid their debt, **EC** members also restrained e growth of their deposits in a banking system. These ew by only \$9.3bn in the first neter compared with an in-ease of \$13.4on in the final arter of 1979. Only about 30 T cent of the new denosits are denominated in dollars.

A significant portion of ginerease in Euromarket nidity during the period was us owing to the release of ods previously tied up in and to OPEC rather than to increase of banks' liabilities OPEC resulting from the ep's current account pay-

opis surplus. At the end of the period PEC members' outstanding growings from international mks totalled some \$59.8bn,

Petroleum Exporting Country banking system were \$129.6bn.
les repaid more than \$4bn of The BIS reports that total The BIS reports that total international lending activity during the first quarter rose by only \$6.5bn to \$1,117bn. international bank liabilities grew somewhat faster at \$16.8bn to \$1,137bn. As usual the

G10 countries and Switzer-

Australia, New Zealand and

figures are based on reports from banks in the Group of Ten

industrialised countries together

with Austria, Ireland, Denmark, Switzerland, and offshore

Despite the modest increase in current dollar terms, the underlying rate of expansion in

branches of U.S. banks.

strong, the BIS said.

Denmark

Offshore centres

South Africa

Eastern Europe

Non-oil LDCs

Unallocated

OPEC.

Other Western Europe

Total

land, Ireland, Austria and

The figures are distorted by bank sector. the sharp appreciation of the dollar during the period. After \$6bn of the total \$26bn lent adjustment for exchange rate within the reporting area. By movements and excluding inter- contrast, net new lending outbank business, the true first side the reporting area slipped quarter growth in international to only about \$4bn from \$20bn lending was probably around in the previous quarter. \$30m, the BIS estimates. This This partly reflects the repay-\$30m, the BIS estimates. This

587.7

155.6

58,7

55.9

158.8

- 16.2

1.110.7

was only \$5bn less than the rate

of growth during the previous

599.1

157.3

59.0

53.2

59.8

16.3

159.7

1,117,2

ments of OPEC credits, but there was also a pronounced slowdown in new lending to non-oil developing countries and to Comecon. Both these groups drew down deposits with the reporting banks during the

quarter. Another feature of international lending during the first quarter was a preference by borrowers for non-dollar currencies, especially the German Mark and Swiss franc.

Because of the high interest rates prevailing on dollars, nearly 60 per cent of the in-crease in the reporting banks denominated in currencies other than the dollar.

On the supply side of the Euromarkets there was marked jump in Eurosterling liabilities of the reporting banks. These rose 31 per cent or the equivalent of \$4.6bn during the quarter

divergence of lending activity. Lending outside the reporting area slowed significantly, while But because of the high ster-ling interest rates banks were unable to onlend all these new there was a strong increase in lending within the area, with funds. Their net debtor position particular emphasis on borrow- in sterling thus virtually ings abroad by the German non-doubled to \$7.7bn.

### Sales rise at **Engins Matra** By Our Financial Staff

NGINS MATRA, French aker of electronic equipment of missiles, has announced les of FFr 1,156bn (\$289m) The first-half, up 20.6 per nt from a year earlier.

been maintained. Overall, results and results and respects appear to be very

It had booked FFr 2.5bn of 7: 1.03bn, against FFr 957.6m | monetary policy.

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HIH Samuel & Co. Limited

C≃Call

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19

# Commerzbank sees recovery

BY KEVIN DONE IN FRANKFURT

COMMERZBANK, West Germany's third largest commercial bank, has suffered a further profits setback during the first six months of 1980 with margins remaining under pressure dur-

ing most of the period. the end of June, compared with For the second half of 1980 DM 68.8bn at the end of 1979. Commerzbank is rather more This decline comes after optimistic and it is hopeful that several years of powerful

widening interest margin will lead to some recovery in of the German banks' need to the operating result. This pro-cess should be alded by the first quality of their new and existsigns of a carefully easing of orders in the first six the Bundesbank's hitherto tight

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2,30

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7

ing business in the face of falling profitability. Even overseas Commerzbank EUROPEAN OPTIONS EXCHANGE Madrid—although lending to F.311,50 

branches' activities in the total 15.4 per cent to DM 459.8m

The difficulties facing West business of the parent bank German banks in general are actually declined slightly in the also reflected in the Commerz-first six months of 1980. The bank's business volume in the first half of 1980, which fell profitability of import-export financing and foreign exchange back slightly to DM 67.6bn at dealing has further improved in the first half of the year, how-

The business volume of the domestically consolidated Commerzbank group showed a slight rise in the first balf of growth and is further evidence 1980 from the end of 1979 to DM 103bn.

Commerzbank's dealings showed strong progress as a result of the turbulence in has cut back the amount of the markets, and its total comshort-term money dealing car- mission surplus was up by 12.2 ried out by its network of per cent to DM 191.8m in the foreign branches—this was ex-panded to ten in the spring with with a six-monthly average for the opening of a branch in 1979 of DM 170.9m.

The pressure on the interest margin forced the interest earnfurther expanded. ings surplus into further The share of the foreign decline, however, with a fall of

# Manufrance to receive further State cash

BY DAYID WHITE IN PARIS

put up further funds to help Manufrance, the floundering business based at Saint-Etienne, near Lyons, back on to its feet. The offer, pegged to a thorough restructuring pro-gramme and fresh money from shareholders, came as the latest in a series of "last resorts" after the author of the most recent rescue bid. M. Bernard Tapie, the Parisian entrepre-neur, withdrew from the scene. M. Tapie's backdown came just five days after he had presented a plan which would have split up Manufrance's different activities. The company would have been left with its firearms business, its sporting magazine, and its sewing machine produc-tion. Its mail-order and bicycle interests would have come under the control of specialised

THE FRENCH Government has groups and its abops would have been sold. made it clear it is prepared to

> But shareholders made no move to discuss the plan, and M. Tapie "disengaged" himself. The idea of dismantling the company, which at present employs 1,900 people, is strongly opposed by Communist trade unionists and by the Communist-controlled local authorities.

> The Government has already pumped some FFr 30m (\$7.5m) into the company—in two stages.
> Its latest offer is made on condition that measures are taken to pull the company back into profit. It also requires a similar gesture from MACIF, the mutual insurance group which took part in a reorganisation in May last year and which has emerged as the dominant shareholder in the re-launched

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ent complies with the requirements of the Council of The Stock Exchange in London.



# Kingdom of Denmark

£75,000,000 13 per cent. Stock 2005 Issue price 96 per cent.

The following have agreed to subscribe or procure subscribers for the Stock:

Morgan Grenfell & Co. Limited

S. G. Warburg & Co. Ltd.

Application has been made to the Council of the Stock Exchange in London for permission to deal in Application has been made to the Council of the Stock Exchange in London for permission to deal in and for quotation for the whole of the above Stock. In accordance with the requirements of the Council of the Stock Exchange in London £6,750,000 of the Stock is available in the market on the date of publication of this adventisement. Full particulars of the Stock are available from Extel Statistical Services Limited and copies may be obtained during normal business hours on any week day (Saturdays and public holidays excepted) up to and including 13th August 1980 from the Brokers to the issue:—

W. Greenwell & Co., Bells House, Bread Street, London ECOA 9EL

30th July, 1980



(in millions of Flux)	1979/1980*	1978	in %
Balance sheet total	82,211	65,151	+ 26.2
Loans	27,073	20,915	+ 29.4
Securities	5,956	4,714	+ 26.3
Customer deposits	43,752	27,712	+ 57.9
Bank deposits	26,708	28,981	- 7.8
Equity and quasi-equity	1,925	1,426	+ 35.0
Provisions and reserves	2,137	1,653	+ 29.3
Net profit	270	202	+ 33.7

\*Further to the restructuring of the Almanij-Kredierbank Group, the end of our fiscal year has been postponed from December 31, 1979 to March 31, 1980. The above figures therefore relate to a fifteen-months period.

Kredietbank S.A. Luxembourgeoise is very active in the international money and capital markets, particularly in the markets for Euro-credits and Euro-bonds and related financial services. As a consequence of the abolition of the VAT on gold transactions, our bank started a specialized unit for operations in precious metals. Kredietbank S.A. Luxembour-

geoise, associated with Krediet- and Venezuela. bank N.V., has representative tralia, Brazil, Spain, the United States and Canada, Hong Kong,

offices in South Africa, Aus-Mexico, the United Kingdom

For more informations, the full annual report is available in English, French or German on demand addressed directly to the Headoffice or the

Representative Office 41 Eastcheap London EC3M 1HX

# KREDIETBANK S.A. LUXEMBOURGEOISE

43, Boulevard Royal, L-Luxembourg Phone 47971-Telex 3418

An itemized balance sheet and profit and loss account have been published in the "Mémorial-Recueil Spécial des Sociétés et Associations" of the Grand-Duchy of Luxembourg.

This advertisement complies with the requirements of the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland

# **Bank of Communications**

(Taipei, Taiwan, Republic of China) \$25,000,000

Floating Rate Notes Due 1985 Issue Price 100 per cent.

The following have agreed to subscribe or procure subscribers for the above Notes:

Dillon, Read Overseas Corporation

\_ Salomon Brothers International

**BA Asia Limited** Baring Brothers & Co., Limited Commerzbank Aktiengesellschaft First National Boston Limited Morgan Guaranty Pacific Limited

Banque Bruxelles Lambert S.A. Chase Manhattan Asia Limited Crédit Lyonnais Hong Kong (Finance) Limited Lloyds Bank International Limited Yamaichi International (Europe) Limited

The 2,500 Notes of U.S. \$10,000 each constituting the above Issue have been admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the Notes. Interest is payable semi-annually in August and February, the first payment being due in February, 1981.

Full particulars of Bank of Communications and the Notes are available in the Extel Statistical Service and copies may be obtained during usual business hours up to and including August 13, 1980, from the Brokers to

Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN

July 30, 1980



# KUWAIT REAL ESTATE BANK K.S.C.

Kuwaiti Dinars 5,000,000

Floating Rate Certificates of Deposit due 10th July, 1985 (Exchangeable at the holders' option in 1981 and 1982 for 7¾% Certificates of Deposit due 10th July, 1985)

The above certificates of deposit were placed by Kuwait International Investment Co. s.a.k.

in association with

Financial Group of Kuwait k.s.c.





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U.S.\$50,000,000

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Algemene Bank Nederland N.V.

Amsterdam-Rotterdam Bank N.V.

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Banque Européenne de Crédit (BEC)

Banque de Paris et des Pays-Bas Belgique

Barclays Bank International Limited

Citibank N.A.

Continental Illinois National Bank and Trust Company of Chicago

European Banking Company

Morgan Grenfell & Co.

Morgan Guaranty Trust Company of New York

Agent Bank

Banque Européenne de Crédit (BEC)

3rd July, 1980.

# **Robert Bosch Power Tool Corporation**

has acquired the

**Stanley Power Tools Division** 

# The Stanley Works

We served as financial adviser to the Bosch Group and assisted in the negotiations.

WARBURG PARIBAS BECKER

A.G. BECKER INCORPORATED

July 1980

This announcement appears as a matter of record only.



# Multibanco Comermex, S.A.

(Incorporated with limited liability in the United Mexican States)

U.S. \$25,000,000

floating rate certificates of deposit due 1983/85

Scandinavian Bank Limited

Bank of America International Limited

Abu Dhabi Investment Company

Alahli Bank of Kuwait K.S.C.

Banque Nationale de Paris

Mitsui Finance Europe Limited

Skandinaviska Enskilda Banken (Luxembourg) S.A.

Société Générale de Banque S.A.

Al Bahrain Arab African Bank (E.C.)

Signed in Stockholm in the presence of H.E. the President of the United Mexican States.

# INTL. COMPANIES & FINANCE

Matsushita

# Fast pace in overseas sales rise

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

consumer electric appliances fast. 24 per cent increase in its consolidated sales to Y1,370bn (\$6bn) for the six months ended May 20, largely as a result of sales abroad. Net profits were up 32 per cent, to Y58bn (\$2.55m), while operating profits rose 30 per cent to Y149.9bn.

Matsushita's good results reflect sharp increases in sales of video tape recorders, television sets and audio equipment (up 30 per cent to Y620bn). The company publishes no figures for video tape recorders alone but it appears that sales of the system video tape recorder pioneered by the Matsushita affiliate, Victor Company of Japan-and manu-

Victor, in which Matsushita for nearly Y175on of sales. manufacturer, has reported a has a 50.4 per cent equity

sales affiliates. The success of the consumer

VTR) put all other Matsushita divisions in the shade during the six months to May 20. However, sales of other items also rose by substantial margains. appliances (washing Home machines, microwave ovens and so on) were up 16 per cent to Y359.9bn while communications and measuring equipment recorded a 27 per cent gain at

Three other divisions—industrial equipment, lighting and semiconductors, and batteries—

Matsushita's consolidated re- Y36.38bn. sults at present cover only four Y33.07bn. semiconductors, and batteries—out of 39 overseas manufacture.

cent, and accounted collectively

stake, is included in Matsuhita's cent sales increase conceals a are yet to be included in consolidated results along with much sharper rise in overseas 121 other manufacturing and sales (both exports and sales of products manufactured outside Japan). These rose by 50 per Domestic electronics division (TVs and cent to Y506.5bn. sales rose by a more modest 12

per cent to Y863.7bn. The VTR boom in the U.S., western Europe and most re cently the Middle East undoubtedly helped to boost exports. Yen depreciation made exports unexpectedly profitable. had budgeted for an exchange rate shares, to shareholders; of Y220 to the dollar appreciably August above the actual exchange rate. capital a

Matsushita's consolidated re-

MATSUSHITA Electric Indus factured by both Victor and recorded sales increases ranging affiliates—in the Its.

Matsushita—rose particularly ing from 16 per cent to 26 per Taiwan, Malaysia and Single trial Company. Japan's largest Matsushita—rose particularly ing from 16 per cent to 26 per Taiwan, Malaysia and Single trial Company. Japan's largest Matsushita—rose particularly ing from 16 per cent to 26 per Taiwan, Malaysia and Single trial Company. for nearly Y175bn of sales. ventures, including the Matter Matsushita's overall 24 per shita factory in South Wales

vised forecast profits are against the Y110bn pro forecast. Consolidated sales in 1978-79 were Y2,363bn and net

profits Y98.3bn. capital after the issue will be

#### Nippon Kokan steps up gain at group level

By Our Financial Staff

NTPPON KOKAN, the second largest Japanese steelmaker, increased its consolidated net income by 165 per cent in the year to March 31, to Y26.25bn (\$117m), from Y9.92bn in 1978-79. This shows a somewhat faster rate of growth in net income than that at parent company level, of 144 per cent to Y25.1bn, announced in May. Consolidated sales were up 13.3 per cent to Y1,360bn

(\$6.1bn), from Y1.200bn, broadly matching the rate of increase on a parent company

 Kawasaki Heavy Industries, the integrated heavy machinery maker and shipbuilder, returned to net profit on a consolidated basis in the year, with earnings of Y324m (\$1.4m), compared with the previous year's loss of Y8.74bm. Sales rose 6.8 per cent Y615.63bn (\$2.7bn), from Y576.21bn. In May, the company announced a net profit of Y2.8bn for the parent company alone, compared with a loss of Y5.9bn in 1978-79, on flat sales of

 Marubeni Corporation, the Japanese trading house, has reported a consolidated net profit of Y17.24bn (\$77m) for the year to March 31, compared with a net deficit of Y3.77bn in 1978-79. Sales showed a gain of 38.7 per cent to Y8,740bn (\$39bn), from Y6,300bn. The consolidated profit is some 80 per cent higher than that at parent company level, of Y9.56bn, announced earlier, and shows a more marked improvement—the parent alone having achieved net profits of Y4.41bn in 1978-79 Parent company sales were Y8.39bn, up 33.8 per cent.

Mitsui Toatsu Chemicals more than trebled its consolidated net profit in the year to March 31, to Y13.18bn (\$58m), from Y4.13bn the (\$58m), from Y4.13bn the previous year. Sales rose 36.3 per cent to Y580.53bn (\$2.6bn). rom Y425.97ba. These results follow those of the parent company, which increased its net profit eight times, to Y9.06bn from Y1.13bn, on sales up 33.2 per cent to Y405.87bn. Ronishiroku Photo Industry, Japan's second largest producer of photosensitive materials, has reported a fall of 26.1 per cent.

# SAAN makes strong recovery BY JIM JONES IN JOHANNESBURG

last year's first-half profit setback. The company's operating profit for the six months to June 30 was R3.02m (\$4m), against R611,000 in the first half of last year. For the whole of 1979, the operating profit was R4.51m

The main contribution to the advance, the management says, came from higher advertising ance by a further cover price first-half earnings per share of revenue. Despite competition rise.

100 cents, against 24 cents. from television, the volume of Press advertising has not been managing director, cautions that share in 1979, and a total

The management does not go

into details on individual pubthe profit contribution from the Financial Mail was well above that made in 1979. The Rand Daily Mail, which has been a loss-maker for some years, is seking to improve its perform-

A STRONG RECOVERY has backs. Operating costs are Sunday Times, is limited by been made by South African substantially higher than in available press capacity. In Associated Newspapers, the 1979, particularly for newsprint, addition, newsprint publisher of the Rand Daily salaries and wages. This was be substantially higher from Mail, Financial Mail, Cape offset to an extent by higher this month, while labour casts. Times and Sunday Times, from cover prices for the group's affecting all sides of production last year's first-half profit publications.

The management does not go essalate. escalate.

lications, except to report that ment expects the current six months' results approximately to equal those of the second

An interim dividend of 20 cents has been declared compared with 8 cents in 1979, from ance by a further cover price first-half earnings per share of higher for many years the volume of colour advertise dividend of 45 cents was However, there were some drawments, particularly in the declared.

## Keppel plans share offer Gammon House SINGAPORE-Keppel Ship public issue will be used to

yard said it will offer shares meet large capital commitments to the public soon. An announce- in the next few years. ment on the timing and size of Last December, Keppel began the issue is expected to be construction of the second made before the end of the phase of its Tuas shippard ex-

Keppel is working out details 330,000 dwt drydock and asso-of the proposed issue with its ciated facilities costing about merchant bankers. The Development Bank of Singapore. According to Stock Exchange rules a company must offer at

least 25 per cent of its paid-up capital to the public to seek a

The company said the funds dividend of 15 per cent. to be raised from the proposed Reuter

pansion plan, which involves a

330,000 dwt drydock and asso-

S\$100m. The project is expected to be completed by early 1982.

The first phase of the complex, costing about S\$90m, was completed in early 1977.

# sale talks

By Philip Bowring in Hong Kong

MAL HON ENTERPRISES yesterday announced that it was House, a central district office block for U.S.\$316m, (HK\$1.54bn): Mai Hon acquired the building earlier this month in an HKS11. deal with its parent group.

Keppel is a wholly-owned sub-sidiary of Temasek Holding, an investment holding company of the Government. For the 1979 in turn acquired it from Jardine Keppel recently increased its paid-up capital to \$\$70m (US\$33m) through a rights issue of 10m shares of \$\$1 nominal value at \$\$3 each.

The company said the funds

# Price increases boost Malayan Cement

BY WONG SULONG IN KUALA LUMPUR

MALAYAN Cement Berhad; Malaysia's largest cement manufacturer, has improved on its performance of the past few years, reporting a 66 per cent rise in earnings for the six

months to May. Pre-tax profits rose to 9.6m ringgit (US\$4.5m), from 5.8m ringgit previously, reflecting largely the benefits arising from the 30 per cent increase in cement prices approved by the to Y4.83bn (\$21.3m) in consolidated net profits for the year to April 20, fro mY6.54bn the year Government last August. hefore. Sales, however, were up 25.6 per cent, to Y227.9bn

cement manufacturers,

Malayan Cement, and other

complained bitterly in the past particularly in the Malaysian of the fixed price for cement being the main cause of their poor earnings. Higher tax meant that interim

net profits were 37 per cent better, at 4.8m ringgit. The interim dividend is 11 per cent; against 10 per cent previously. the KAWAT, Malaysian wire rope and steel products manufacturer, has

construction industries. Pre-tax profit for the company

rose to 5.3m ringgit (US\$2.5in), in the year ended April, from 3.7m ringgit the previous year. In addition the share of profit from its associate, BRC-Berjaye However because of deferred

Mort ter (days) South Parce month Sa month the Year Long-term The to

MTEF

Interes sedine with one with one rease with one rease sed at 1 sed

taxation, the tax charge is doubled, at 3m ringgit, so that reported a 41 per cent rise in pre-tax profit, on the strength net profit amounted to 2.6m of local and overseas demand, ringgit, or 8 per cent higher



## African Development Bank

U.S. \$40,000,000 Floating Rate Notes due 1983

For the six months 30th July, 1980 to 30th January, 1981

In accordance with the provisions of the Note, notice is hereby given that the rate of interest has been fixed at 91% per cent and that the interest payable on the relevant interest payment date, 30th January, 1981 against Coupon No. 5 will be U.S. \$50.79.

By: Morgan Guaranty Trust Company of New York, London Agent Bank

## WINTRUST SECURITIES LIMITED

#### **BANKERS**

have much pleasure in announcing that Mr. REINDERT MARSMAN, recently Vice-President and General Manager of the Bank of Nova Scotia (London Regional Office), has been appointed an executive director. He will participate in the further development of the bank's business specifically in the inter-



Barclays Overseas Investment Co. B.V.

U.S.\$200,000,000 Guaranteed Floating Rate Notes 1995 convertible until January 1988 into 91/2% Guaranteed Bonds 1995. For the six months to 30th January 1981 the Notes will carry an interest rate of 10.1875% per annum.

> Coupon Values will be: U.S.\$5,000 Notes U.S.\$258.93 U.S.\$10,000 Notes U.S.\$517.86

Agent Bank and Principal Paying Agent BARCLAYS BANK LIMITED Securities Services Department 54 Lombard Street London EC3P 3AH



US \$150,000.000

CHASE MANHATTAN OVERSEAS **BANKING CORPORATION** 

FLOATING RATE NOTES DUE 1993

For the six months 30th July, 1980 to 30th January, 1981. in accordance with the provisions of the Notes. notice is hereby given that the rate of interest has been fixed at 911 per cent and that the interest payable on the relevant interest payment date 30th January, 1981 against Coupon No. 5 will be U.S. \$50.15



# CURRENCIES, MONEY and GOLD

# stays firm

The dollar continued to improve in quite active foreign exchange trading yesterday. It finished near the best level of the day against most major currencies following the further rise in Eurodollar interest rates, and signs of a tightening of U.S., money market rates by the Federal Reserve. The U.S. currency rose to DM 1.7590 from DM 1.7440 against the D-mark, and to SwFr 1.6230 from SwFr 1.6080 in terms of the SwFr 1.6230 in terms of the SwFr 1.6230 in terms of the SwFr 1.6230 from SwFr 1.6080 in terms of the SwFr 1.6230 from SwFr 1.6080 in terms of the SwFr 1.6230 from SwFr 1 of England, rose to 84.1 from

sterling also lost ground against the dollar, but recovered most of its early losses against correncies in general with the sound's index, on Bank of England figures, closing at 75.1, England figures, closing at 75.1, some part of falling to 75.0 at noon and opened at \$2.3765-2.3775, and fell to \$2.3685-2.3695 on the dollar's strength and fears of a trading remained calm. The dollar's strength and fears of a cut in Minimum Lending Rate this week. It touched \$2.3800-1.2810 later in the day, and closed at \$2.3700-2.3710, a fall of the cents on the day. 1.60 cents on the day.

p-MARK—Slightly weaker within the European Monetary System recently, but showing a famer tendency against the dollar following a sharp narrowing of interest rate differentials—The D-mark continued to decline against most currencies at the Frankfurt fixing, with the U.S. dollar particularly strong. Demand for the dollar at the end of the month, coupled with end of the month, coupled with higher Eurodollar interest rates and suggestions that U.S. rates may be driven up by Federal borrowing to fund a growing hudget deficit all contributed to the firmer fixing level of DM 1.7514, compared with DM 1.7391 on Monday. There was no indication of intervention dollar rates.

ment in Milan yesterday, in-financed by the tight monetary policy of the Bank of Italy and the seasonal inflow of funds from foreign tourists. The spectre of a devaluation of the lira in the next few months continues to undermine market confidence, which has already suffered a severe setback due to annual rise of 21.4 per cent, came as no surprise, and trading remained calm. The dollar was the only currency to rise significantly, when it was fixed at L830.05 compared with L825.85 previously. The D-mark was little changed, but other

members of the EMS weakened against the lira, including the top placed French franc. JAPANESE YZN-Showing weaker trend again after marked recovery on the downward trend in U.S. interest rates. Last year fears about energy supplies and balance of payments problems severely depressed the currency

The yen improved slightly
against the dollar in Tokyo, continuing to move in the opposite direction to most other major currencies against the U.S. unit. The dollar eased to Y226.60 from Y226.75, after opening at Y227.60. It touched a low of Y226.50, after an initial firmness following the rise in Euro-

+0.39 +0.16 +0.75 -0.86 -0.53 -0.29 +2.47

## THE POUND SPOT AND FORWARD

Judy 25	apread	Close	One month	p.e.	កាលលើង	p.a.
July 29 U.S. Canada Nothind Belgium Donmark Ireland W. Gar. Portugal Spon Jaly Norway France Swaden Japan Austria	epread 2.3665-2.3810 2.7560-2.7750 4.53-4.58 66.25-66.70 12.84-12.91 1.1055-1.1116 4.16-4.18 115.70-117.60 168.25-169.10 1,965-1.977 11.45-11.51 9.52-9.68 9.78-9.84 535-540 29.40-29.60	Close 2.3710 2.7570-2.7590 4.541-4.551 66.55-66.65 12.88-12.89 1.1100-1.1110 4.164-4.172 118.25-118.45 168.30-165.00 1.8661-1.9672 11.4812-11.47 9.651-9.5614 9.7514-9.7514	One month  1.45-1.35c pm 1.55-1.45c pm 21-21-e pm 20-10c pm 1-21-e dis 0.07-0.02p pm 31-21-pf pm 55-1.03c dis 111-14-lire dis 71-5-fore pm 42-34c pm 17-14-0 pm 17-14-0 pm 17-14-10 pm 17-14-10 pm 17-14-10 pm	7.09 6.53 5.93 2.70 -1.22 0.49 -7.55 -7.93 -5.86 -7.93 8.80 5.28	3.53-3.43 pm 3.52-3.42 pm 7½-8½ pm 47-37 pm 8-9½ djs 0.30-0.25 pm 7½-64 pm	5.87 5.03 6.05 2.52 - 2.72 0.39 6.95 - 2.15 - 6.96 - 8.84 5.43 3.83 0.84
Ewitz.	3,82-3.86	3.84 <sup>1</sup> 2-3.85 <sup>1</sup> 7	34-24c pm	10.52	10-9 pm	9.87

Belgian rate is for convertible trapes Financial franc 66.95-66.75. Six-month lorward dollar 5.08-4.95c pm. 12-month 7.00-9.90c pm.

#### THE DOLLAR SPOT AND FORWARD

Index 00	Day's	Close	One month	% p.a.	Three months	% p.a
July 28	spread	PIOSE	OUR HOUSE	μ.q.	Idanina	<u> </u>
UK†	2.3685-2.3810	2.3700-2.3710	1.45-1.35c pm		3.53-3.43 pm	
relandt	2.1350-2.1440	2,1350-2,1370	1,45-1,35c pm		3.80-3.70 pm	
Cenade	1,1636-1.1682	1.1659-1.1682	0.09-0.12c die		0.32-0.36dis	-1,7
Vethind.	1.9108-1.9160	1.9150-1.9160	0.05a pm-par		0.05pm-par	0.0
Belgjum	27.941 - 28.17	28.09-28.11	71-90 dis	-3.53	23-26 dis	-3,4
Denmark	5.4190-5.4305	5.4290-5.4305	312-4ore dis	-8,29		- 5.0
W. Ger.	1.7495-1.7595	1.7585-1.7595	0.13-0.09pf pm	0.75	0,48-0.43 рп	
ortugal	48.90-48.15	49.00-49.10	20-38c dis	-7,09		-6.9
Spain	71.05-71.28	71.23-71.28	75-85c dis			- 12.9
italy	829.85-830.70	829.90-830.20	8-9tire dis			- 13.0
Morway	4.8308-4.8385	4.8365-4.8380	,20org pm30djg		0.30-0.80dis	-0.4
France	4.0625-4.0760	4.0745-4.0760	0.55-0.65c dis		1.90-2.05dls	-1.9
Sweden	4,1250-4,1380	4,1280-4.1300	1.55-1.70ore dis	-4.72	5.00-5.16dis	-4.9
lapan	225.50-226.90	226.75-226.85	0.60-0.75y dis		1.60-1.95dis	-3.3
Austria	12.40%-12.44%	12.433-12.443	7.10-1.70grp dis	-1.35	3.75-5.50dis	-1.4
Switz.	1,6080-1,6250	1.6225-1.6235	0.63-0.5Bc pm	8.47	1.77-1.72 pm	4.3

t UK and freignd are quoted in U.S. currancy. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency

CUR	REN	CY RA	TES	CURRENCY MOVEMENT				
July 28	Bank rate	Special Drawing Rights	European Currency Unit	July 89	Bank of England index	Morgan Guzrant Changes		
Sterling U.S. S Canadian S.	16 11 10,18	0.555226 1,32849 1,54543	0.605699 1.44835 1.67849	Sterling U.Ş. dollar Canadian dollar Austrian schilling.	75.1 84,1 80,9 158,2	-51.4 -9.3 -17,1 +25.1		
Aurtria Sch. Belgium F Danish K D'mark,	13 13 719	36.9221 7.14728	17.8654 40.2387 7.79356 2.51940	selgian franc Danish kroner Deutsche mark Swies franc	116,5	+14.6 -3.6 +44.2 +79.5		

OTHER CURRENCIES

July 29	ar f	S		£ Note Rates
Argentina Pesα	4451-4471	1877-1884	Austria	29.35-29.65
Australia Dollar	2.0505 2.0545	0.8650-0,8655	Belgium	66,45-67,05
Brazil Cruzeiro,	127.19 128.19	53,68 53,88	Denmark	12,83-12.93
Finland Markka	8.58-8.59	3.6170-3.6180		9,5012.9.6612
Greek Drachma		42,75,42,90	Germany	4.15-4.18
Hong Kong Dollar	11.6819-11.7014	4.9260-4.9260	Italy	1930-2010
Iran Rizl	n a	n a	Japan	536 541
Kuwait Dinar(KD)			Netherlands	4.5214.4.5514
Luxambourg Fre.			Norway	11,43-11.52
Malaysia Dollar		2 1460 2 1480	Portugal	
New Zealand Dir.	2 4125 2 4175	1.0175-1.0185	Spain	16312-1704
Saudi Arab, Rival.		3.3195-3.3210	Sweden	9.77-9.85
Singapore Dollar.				3.82-3.8412
Sth. African Rand	1 8050-1-8065	0.7515.0.7620	linited States	2.367-2.377
U.A.E. Dirham		3,6875-3,6890	Yun Mavis	6314-69

Rate given for Argentina is free rate

••		
•		
EXCHANGE	CROSS	RATES

2.48208 5.84708 2.74362

Qanish Krone . *Berman* D-Mark

Franch Franc

	I										
	July 29	PoundSterling	U.S. Dollar	Deutschem'k	Japan'seYer	FrenchFranc	Swiss Franc	DutchGuild'	Italian Lira	Canada Dollar	Belgian Franc
	Round Starting	1. 0.422	2,371 1,	4,173 1,760	537.8 225.9	9.558 4.074	5,850 1,624	4.548 1,918	1967. 829.8	2,758 1,163	66,60 28,10
-	Deutschemark Japanese Yen 1,60°	0,240 1,860	0.568 4.408	7,759	128,9 1000.	2,516 17,96	0.923 7.159	1.090 6,457	471.4 3658.	D.661 5.128	15,96 123,8
Ξ	French Franc 10 Swiss Franc	1,035 0,260	2.455 0.616	4.320 1.084	556.8 139,7	20. 2.508	3,987 1,	4.709 1.181	9037. 510.9	2,855 0,716	68,96 17,30
•	Outch Guilder Hallen Lira, 1,000	0,220 0,508	0.521 1.205	0,918 2,121	118,3 275,4	2.124 4,910	0,847 1,957	1. 2.312	432.6 1000.	0,606 1,402	14.65 35.86
	Sanadian Dollar Releien Franc 100	0,363	0.860 3.559	1,513 6 265	195,0 807.4	3.502 14.50	1,396 5,781	1,649 6.828	713,3 2953.	1.	24,15 100.

±1.53 ±1.64 ±1.125 ±1.3557 ±1.512 ±1.668 ±4.08

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 29)

EMS EUROPEAN CURRENCY UNIT RATES

+1,22 +0.99 +1.58 -0.03 +0.30 +0.54 +3.07

40.2770 7.80019 2.52122

5.84547 2.75185 0.671785 1193.39

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

	•				•
·		3	month U.S.	dollars	
		•			

bid 9 5/8 | offer 9 6/4

6 month U.S. dollars

bid 9 18/16 : offer 9 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for \$10m quoted by the market to five reference banks at 11 sm each working day. The banks are National Westminster Bank, Rank of Tokyo, Dautsche Bank, Banque Nationale de Paris, and Morgan Guaranty Trust.

slightly firmer trend once again

in New York after the London

In Paris the 12! kilo gold bar was fixed at FFr 84,500 per kilo (\$646.79 per ounce) in the after-

noon, compared with FFr 84,500 (\$646.55) in the morning, and FFr 83,400 (\$642.48) Monday

In Frankfurt the 121 kilo bar was fixed at DM 36,425 per kilo

\$649, compared with \$642-645

\$643-646 \$644-647 \$643.25 \$643.50

8665-667 8660-863 \$1631<sub>2</sub>-1641<sub>2</sub> \$188-190 \$188-190 \$1651<sub>4</sub>-1681<sub>4</sub> \$797-802 \$6341<sub>2</sub>-6391<sub>2</sub> \$759-763

July 2B

#### EURO-CURRENCY INTEREST RATES (Market Closing Rates)

July 29	Sterling	U,S.Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian S	Јаралеве Уеп
ishort term	1412.1454	876-918 9-914 9(6-9(5) 958-978 934-10 976-1018	9-11 9-11 105g-11 105g-11 105g-11 105g-11	978-1018 978-1018 958-978 912-934 932-934 932-934	234-3 734-814 516-515 538-515 516-516 816-518	81: 91: 9:91: 81:9 81:-8 8:-8 8:-8 7:8	115g 117g 115g 117g 115g-117g 115g-117g 115g-117g 115g-117g 117g-121g	25-50 40-50 24-54-26-54 23-12-25 23-14-24-54 20-12-22	87g-9 9-91g 9-12-94 95g-934 912-94 10-1018	23-25 134-14 13-131 <sub>4</sub> 12-13-135 <sub>6</sub> 11-13-11-15 <sub>6</sub> 978-101 <sub>8</sub>

Long-term Eurodollar two years 10½-10½ per cent; three years 10½-11 per cent; four years 11-11½ per cent; five years 11½-11½ per cent; nominal closing rate. Short-term rates are call for sterling. U.S. dollers. Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore. The following nominal rates were quoted for London dollar certificates of deposit, one-month 8.95-9.05 per cent; three-months 9.10-9.20 per cent; six-months 9.20-9.30 per cent; one year 9.40-9.50 per cent.

GOLD '

**Firmer** 

Cicie \$547-650
Dpening ........ \$645-649
Morning fixing ... \$645,50
Afternoon fixing \$645.75

76 Pesos Mexico \$797-801 100 Cor. Austria. \$651-635 520 Eagles...... \$766-770 \$10 Eagles....... \$5 Eagles.....

Gold rose \$4 to \$647-650 in afternoon, the London bullion market yes. In Fran

the morning, and showed a previously.

July 29

with no new features to influence (\$646.97 per ounce), compared the market. The metal opened with DM 36,070 (\$644.97) pre- at \$646.649 and was fixed at viously, and finished at \$645.648 \$645.50 in the morning and against \$643.645 on Monday. \$646.75 in the afternoon. It In Zurich gold closed at \$646.646.

Geta Buillon (fine ounce)

.:27212-8741 .::27212-273541 £271.596 .:272.3731

Gold Coins

reflected in overnight money After coming off slightly just rates which opened at 22-25 per after lunch, rates fell quite cent. Rates eased to 18-20 per sharply around 2.30 pm to 15-16

(£389-284) (£279-282) (£59-70) (£7914-8014) (£7914-8014)

terday. Trading was very quiet

touched a peak of \$649-651 in

trend

# INTERNATIONAL MONEY MARKET

# Rates ease further

Interest rates continued to day and last Thursday of 11s per decline in Europe yesterday, cent. Period rates were mostly with one and the period rates were mostly unchanged. Treasury bill rates being cut.

13 per cent, having previously
stood at 13.50 per cent and 13.25
per cent respectively. The rate
as four-month bond fund paper Treasury bill rates being cut to was also reduced to 13 per cent from 13.1 per cent.

In Amsterdam interbank rates continued to fall, with call money as low as 93 per cent, below the central bank's official money market intervention rate of 10 per cent. This gave rise to speculation that the authorities may reduce key lending rates before too long, especially since the Dutch guider is very strong at the moment against the market, being the major governing currency, the Dutch discount rate was cut less. major governing currency, the B-mark. On the other hand the Dutch discount rate was cut less summer recess.

been essed considerably as a resale at future dates. result of D-mark support given by the Dutch authorities.

quoted at 9.50-9.60 per cent, un- revenue transfers to changed from Monday, while Exchequer.

longer term rates showed an In the interbank market, the easier tendency.
In Paris call money rose to

five month low touched on Mon-

MONEY RATES

RANCE

JAPAN

Frasury Freasury Freasury Discount O

Overnight Rate

Discount Rate 9.0

Cell (Unconditional) 12.8126

Bills Discount (three-month) 12.6876

9.40

11,4376

11.75 11.625 11.625

## **UK MONEY MARKET Continued** shortage

Bank of England Minimum Lending Rate 16 per cent Day-to-day credit remained in than two weeks ago from 91 per large scale once again, by ouy-cent, and the authorities may ing a small number of Treasury cent, and the authorities may ing a small number of Treasury wish to wait and see how the bills and local authority bills. West Germans react after the both from banks and discount houses, and moderate purchases Money market conditions have of eligible bank bills, all for In the market's favour there was a small excess of Govern-In Frankfurt call money was ment disbursements over

general shortage of funds was

# cent but rose once again after per cent, with closing balances the forecast to 23-25 per cent. taken at 16-164 per cent. the per cent from its previous LONDON MONEY RATES

July 29 1980	Starling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	House	Company Deposits	deposita	Treasury	Eligible Bank Bills ø	Fine Trade Bills é
Overnight 2 days nation 7 days nation 7 days nation 7 days nation 7 month Two months Three months Six months Nine months Two years Two years	1678-1652 1614-16 1558-1578 1448-144	15-25 1812-1854 17-1718 16:4-15:2-15:2 1412-1456 1313-1378 1346-1312	1449-1458	17-1714 151 <sub>2</sub> -164 151 <sub>2</sub> -15±	187g 175g 165g 161g 147g 147g 14	18-19 17-1739 16-161 <sub>2</sub> 147 <sub>2</sub> 141 <sub>2</sub> 144 <sub>6</sub>	, 151a	1458-142 141 <sub>2</sub> -14/2	164-164 151-154 141-154 141-154	16% 16% 15% 14
	rity and fin	ance house:	seven da	s notice, of	hers saven	days fixa	d. Flong	term local	authority	mortgag

rate nominally three years 13-13% per cent; four years 12%-13% per cent; five years 123-13% per cent. Buying rates for prime paper. Buying rates for four-month bank bills 14% per cant; four-month trade bills 15% per cent: two-months 142 per cent: three-months 142 per cent: two-months 142 per cent: one-month trade bills 163 per cent; two-months 164 per cent and three-months 142 per cent: one-month trade bills 163 per cent; two-months 164 per cent and three-months 164 per cent and

15% per cent; three-months 14% per cent; one-month trade bills 16% per cent; two-months 15% per cent and three-months 15% per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 17 per cent from July 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 14.4383 per cent.

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY



TUBACERO, S.A.

[MEXICO]

U.S.\$60,000,000

MEDIUM TER! 10 DEDIT FACILITY

· ن BY

CHASE ML

BANCA SERFIN, S BANCOMER, S.A.

FIRST NA:

BANKING GROUP

BANCO DI ROMA BANK OF MONTREAL

**BANK IN DALLAS** 

PROVIDED BY AMERITRUST COMPANY

BANCA SERFIN, S.A. **NEW YORK AGENCY** 

**BANCO DI ROMA** NEW YORK BRANCH

BANCOMER, S.A.

NEW YORK AGENCY

BANK OF MONTREAL

THE CHASE MANHATTAN BANK, N.A. FIRST NATIONAL BANK IN DALLAS

MELLON BANK, N.A.

THE CHASE MANHATTAN BANK, N.A.

JUNE 17th, 1980

#### CONTRACTS AND TENDERS

## PEKUJAHAAN UMUM LISTKIK NEGARA

AGENCY OF THE MINISTRY OF MINES AND ENERGY OF THE GOVERNMENT OF THE REPUBLIC OF INDONESIA

#### INVITATION TO BID

Tenders for the substation equipment, services and transformers for the new 2 x 400 MW Suraleys Steam Power Plant near the town of Merak in West Java will be received on or before 10.00 hours on Novamber 24, 1980, for public opening at 11.00 hours at the Head Office of Perusahaan Umum Listrik Negara, Jalan Trunojoyo Blok MI/135, Kebayoran Baru, laborat beforestic

The substation equipment, services and transformer contract comprises the design, manufacture, supply installation and commissioning of:

— 150 KV outdoor substation

- 20 KV outdoor packaged substation — Eight transformers ranging from MVA to 470 MVA and 6 KV to 500 KV

Control, protection and annunctator systems

150 KV, 20 KV and low voltage power cables and control cables.

Beginning August 25, 1980, the Tender documents may be examined and upon payment of the non-refundable amount of U.S.\$300 can be obtained at the following address:

PERUSAHAAN UMUM LISTRIK NEGARA DIRECTORATE OF PLANNING JALAN TRUNOJOYO BLOK MI/135 KEBAYORAN BARU, JAKARTA, INDONESIA.

To qualify for award, tenderers must have designed, manufactured, delivered, installed and commissioned during the preceding ten years at feast two contracts each similar in scope and having major equipment of equal or larger nominal rating than that specified. Each installation shalf have been in successful commercial operation in similar conditions for a minimum of 3 years.

Tenders will be received from qualified suppliers or their authorised representatives.

The foreign currency portion of the works shall be financed under a buyer credit agreement and every tender shall be supported by a related offer of finance. The Rupiah portion of the works will be financed from the state budget of the Government of the Republic of Indonesia.

Perusahaan Umum Listrik Negara reserves the right to reject any or all Tenders and to waive minor irregularities and informalities.

PERUSAHAAN UMUM LISTRIK NEGARA JAKARTA, 30th JULY, 1980

## **COMPANY NOTICES**

KONISHIROKU PHOTO INDUSTRY CO. LTD. NOTICE TO EDR HOLDERS

Further to notices of April 9 and July 10. 1880, The Chase Mathattan Bank, N.A. emounce that the Year-end dividend of Yen 3.75 per share has been converted to U.S. Dollars and amounts to U.S.16.68 gross per EDR. amounts to U.S. 19.6.88 gross per Eur.

Accordingly. EDR. holloers may now
present Colopon No. 6 forthwith at
The Chase Mannhalton Bank, N.A..
Woolgate House, Coleman Strest.
London ECZP 2HD. or at Chase Manhattan Bank. Luxembourg S.A.. 47
Boulevard Royal. Luxembourg or al
Kredietbank S.A. Luxembourgeoise,
43 Boulevard Royal. Luxembourgeoise,
43 Boulevard Royal.

THE CHASE MANHATTAN BANK, N.A., London, as Depositary. July, 1980.

MAKITA ELECTRIC WORKS. LTD. (CDRs)

The Board of Directors of Makita Electric Works Ltd. has announced that shareholders, who will be registered in the books of the Company on August 20th, 1980 will be entitled to receive a 10°-a parts distribution of new shares. Consequently the undersigned div.cp.no. 21 of the CDRs for this purpose. purpose.
In Japan the shares will be traded ex-bonus as from the 15th August. EX-DONUS 25 PO-1980 Amsterdam AMSTERDAM DEPOSITARY COMPANY N.V.

25th July. 1980.

WEST RAND CONSOLIDATED MINES (Incorporated in the Republic of South Africa) COUPON No. 98

HOLDERS OF SHARE WARRANTS TO BEARER are informed that they will, on or wher the 8th August 1980 be gaid 3.495246 per share. viz., 4.112059 the amount declared per share, less 0.516510, being South African non-resident shareholders tax of 15% against surrender of Coupon No 98. 

Net amonat 2.87843

Listing forms can be obtained from
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ence, spectacular serview, delightful reception area 60 squi rooms, 2 bathrooms, study, luxurious fittings trougho

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TO LET, WALLINGTON PURLEY, Fully transit and 2 hedrony detarbook Bluentley. 10 LET. WALLINGTON/PURLEY. Fully lumished 2-bedroom detached Bungalow with secluded garden and garage. In a quast private cui de sac. Purley Station for London/Gaswick 19 minutes. £85 pm. Company let only. Apply Mr. Jonathen Frost. Frost Brothers. 45 Weedcote Road. Wallington, Surrey. Tel.: 01-647 5547.

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NEW	VO:	a Kr				ces	•											
MEW	IUI				A TONE	_	10	80	'Since O	:::-:_		- Lucies		. Insta			19	80
	July 28	July 25	: July 24	: July 23	July 22	July -	High	Low	Since C	<del></del> -	1	July 29	28	July 25	July 24	Hi	gh	Low
ndustr'is								769,15	- High - 1051,70	11,22	AUSTRALIA Sydney All Ord. (1935.39) Metais & Minis (1936.39)	919,65 5808,25	917.58	914.28 5779.63	917,41	847.47 6680.85	/14/2) /14/2)	76.00 +2 1+ 4581.25 +28 6+
H'me B'nds							(21(7) 76,61 (28/6)	(21:4) 63.87 (28:5)	(11/75)	(2:7:52: —	AUSTRIA Credit Aktien (2:1/62)	67,60		,	67.15			66.85 /25·6:
Transport . Utilities							513,45   (21/7)	265,69 127;5; 96,04	(21:7.80)	12,25 (8.7:32)	BELGIUM							
Frading Vol			7 10.01		117,28	* 17.13 <sub>1</sub>	1877)	(27/5;	165,32 (20/4/68)	19,52 (28:4/42	Belgian SE (31:12:65)	94,63	94.23	94.54	94.28	105,75	111-21	90.14 -51-5
000'81	35,360	36,250	42,420	45,890	52,260 :	42,760.	- i	-	; - ;	_	DENMARK Copenhagen SE ().1/75)	85,72	85,86	84.76	84,78	85,74	(2/1)	74,78 (5.5)
Day's high			911.6	9 July 1	8 J	luly 11	July	4 .	Year ago '	approx)	FRANCE CAC General (29/12/61) Ind Tendance (28/12/79)	107,9	: 107.B : 110.9	108.5 111.4	108,5 111,4	117,8 ·:		97.1 :5 h 95.60 :5:11
	div. yie			5,72		5,93	5,9	94 .	5.8	35	GERMANY FAZ-Aktien 51/12/58 Commerzbank (Dec. 1955)		254.51 738.8	235,75		253.69		212,75 -28 5
STANDARD	1	July 25	i i July	y : July   23	;   Jul   22	Y   Juh ! 21		980 Low	Since C	<u></u>	HOLLAND ANP-CBS General : 1978) ANP-CBS Indust. (1978)	87.6	87.6 85.8	88.0 87.0	746.6 	749,2 / 88.6 /2 68.2 / 1	25:71	74.0 (27:8)
indust'is Composite	,		1			97: 158.4 19: 122.5	.21 <i>[7</i> ] 11: 122,5	(27 <i>)7</i> 1 98,2	9 138,40 / 1 (21 /7/80) / 2   125,86	5.52 50,6,52 4,40	HONG KONG Hang Seng Bank (5) (7) (64)							58.2 (28.5) 
nd, diy, <del>yi</del> e	ا ا		ا ا ا	uly 16	. Ja	ι μly 9	, 21/7) July	_	() ((11/1/73) (earago (2		ITALY Banca Comm, Ital (1972)	110,43	109,18	108,12	107.54	119.41 (	(29:7)	85.11 (2:1)
				4.88		.97	5.0		5,32		JAPAN				<u> </u>			<del></del>
nd. P/E Rat			_ <u>;</u>	8,02 10,08		7.90	7.2		7.87		Dow Average (16/6/49) Tokyo New SE (4/1/68)	468.35	468,66°	468,86.	468.50	6904.31 473.55 (2	126:4) 25,6)	6475,93 (27:3) 449,01 (10,3)
ong Gov. B				10,08	: 10	).11	10,1	Ris	8,92 ses and Fa		NORWAY Osio SE (1/1/72)	125.75	126.05	125.75	125.73	144,70 (1	(4.2)	116,12 (28/5)
   July	July 1	July -	1 High	980 Lov		sues Ti	aded	1,891	8 July 25 . 1,882 464	1,889 678	SINGAPORE Straits Times (1998)			576.18	:	578,09 (		429.75 (8:1)
9,48,69,10				55.3	50 U	alls nehang aw Hig ew Lov	red	700 414	1,050 568 40	791 420 69 4	SOUTH AFRICA Gold (1958) Industrial (1958)	ใน) ใน)	ינתו נתו	יטי	767.6 576,2	767.6 (2) 376,2 (2)		649,5 (15:6) 458,8 (29:1:
IONTREAL			July 28	July 25	July 24	July 23	—:	I igh	980 Lov		SPAIN Madrid SE (28/12/79)	105.79	/61	105,90	105,90	105,90 -:	24-7:	93,76 : 13:5:
	dustria mbined		898,47 865.86			399.07: 366,38	425,80 578,90		825,21 ( 296,30 (		SWEDEN Jacobson & P. (1/1/58)	372,28	371,58	373.4	575,43	365,98 -7	3:2:	534.72 ; }7 1.
TORONTO	Comp	ositei	2184,1	2197,2	2204.6	2195.8	2204,6	124171	1702.5	(27:3)	SWITZERLAND SwissBank Co. (81:12;58)	509.6	569.4	3 (0, 1	307.2	317.9 (1	11:2.	276.0 -26 5-
		N	IEW '			IVE ST	OCKS				WORLD Capital Inti. (1/1/10)		147,2	_	148,8	148,5 -21	17:	120,5 (27.5)
Monday enhandle Pi en-Am Air orton Simo enquet et. Sami-Ci	ipe . 5 ways 3 in 3	raded 33,300 84,900 67,900 864,09	30 <sup>2</sup> 54 163 0 13	9 day 	y y in Ge in To in Ma	eneral Preco Precorp obil IV Inve	• • • • • • • • • • • • • • • • • • •	trade 315.9	is Closing of price 00 26 <sup>1</sup> , 00 37 <sup>2</sup> , 90 217 <sub>8</sub> 90 78 <sup>1</sup> ,	inange on day + 1	Base values of all is and Poors—10; and Toro bonds. # 400 industrials To Transports. c Closed	nto—1, I. § 40	,000; ti 10 indu	ie last stricis	namod	based o	on 1976	. † Excluding

Dow shade up at mid-session

AFTER MOVING modestly index rose 12.2 to 5,047.2, while higher at the outset yesterday, in Montreal, Banks put on 2.16 to 40 pfennigs more. The heavy early dealings, but was still slightly above Monday's close at mid-session.

The Dow Lones Industrial Tolkyo The Dow Jones Industrial

Average, up 2.39 at the 10.30 am calculation, registered a marginal net gain of 0.34 at 925.77 at 1 pm. The NYSE All Common Index was 8 cents firmer on balance at \$59.51, after reaching \$59.62, while advancing issues retained a small lead over declines at mid-session. Trading volume increased to 30.86m shares from the 24.73m recorded at 1 pm on Morday.

at i pm on Monday.

The market apparently has little incentive to go up or down, analysts commented. Some analysts said the market may be in the last phase of a major upward move, but could get new life if June leading economic indicators, to be released today. confirm forecasts that the cur-rent recession will be short. Some Glamour issues showed that good gains on Monday were little changed. Eastman Kodak lost 3 at \$615. Honeywell were

Major Oils again were among the most active issues. Mobil receded \$1 to \$77\frac{1}{2}\$ but Atlantic Richfield put on \(\frac{1}{2}\$\) to \$46\frac{1}{2}\$. Phillips Peiroleum fell \$2 to \$44\frac{1}{2}\$ on reporting flat second-quarter earnings. earnings.
Lockheed, which announced a

seecond-quarter loss, shed i to THE AMERICAN SE Market

Trading became much more active yesterday, although the market, after staging an early improvement, declined on late profit-taking to leave a majority of falls on the day. The Nikkei-Dow Jones Average shed 5.33 to 6.311.38, while declines led gains at the close by 373 to 261 on the First Market section. Volume increased to 360m shares from Monday's 160m.

However, some Real Estate issues closed strongly, while a few Light Electricals and Trading Houses also resisted the late downtrend.

Helwa Real Estate gained Y19 at Y622, Mitsubishi Real Estate Y10 at Y392, Sony Y40 at Y2,200, TDK Electronic Y30 at Y2,390 and Marubeni Y4 at Y392. little changed. Eastman Kodak
lost 1 at \$611, Honeywell were
unchanged at \$501 and Three M
were off 1 at \$553.
Major Oils again were among

Maruzen Showa climbed Y50 to Y557 despite tightened margin trading curbs.

In contrast, Takeda Chemical fell Y8 to Y525, Nippon Chemical Y10 to Y430, Kaken Pharmaceutical Y40 to Y1,430, Kyote Ceramic Y40 to Y3,180 and Houda Motor Y5 to Y547.

#### Germany

THE AMERICAN SE Market Value Index was a net 0.57 firmer at 315.53 at 1 pm. Volume 3.46m shares.

Canada

Markets were showing some recovery yesterday, with the Toronto Composite Index recording an advance of 11.9 at 2.196.0 at 2 pm. The Oil and Gas

Closing prices for North America were not available for this edition.

Cerimany

Bourse prices tended to lose ground, with the mood of the market soured by Commerz-bank's mid-year report, which cast doubts about a 1980 dividend payment.

Commerzbank fell DM 7.50 to DM 169.50, while Bayerische Vereinsbank declined DM 5 to DM 305 and Deutsche Bank Among MAN receded DM 7 to DM 187 in Engineerings, while Motors had BMW down DM 2.50 and Daimler off DM 4.50, but Mercedes gained DM 2.

Closing prices for North America were not available for this edition.

## Hong Kong

After Monday's fresh stock market rise in hertic trading on the two-point reduction in local Prime Rate to 10 per cent, business became more two-way yesterday with a fair amount of profit-taking ensuing. Shares finished with an overall mixed appearance, although the Hang Seng index managed to close a modest 1.50 higher at a new seven-year peak of 1.158.12.
Turnover on the four exchanges amounted to a heavy HK\$398.76m, but was well below the previous day's HK\$513.02m.

Jardine Matheson receded 20 cents to HK\$21.80 on rumours cents to HRS21,80 on rumours about a possible "rights" offer or Loan stock issue. Swire Pacific "A" shed 15 cents to HK\$8.90 and Jardine Securities 20 cents to HK\$10.90, but East Asia Navigation put on 45 cents to HK\$6.60.

News that Mai Hon is negotiating to sell a recently acquired property at a substantial profit gave some fresh stimulus to the gave some fresh stimulus to the Property sector. HK Wharf hardened 20 cents to HK\$75.50, Mai Hon 30 cents more to HK\$9.00, Sun Hung Rai Properties 20 cents to HK\$15.90 and Associated Hotels 15 cents to HK\$5.80.

#### Australia

With Landon showing little interest at present for Austra-lian stocks, markets put on another rather subdued per-formance. Minings were again mixed, while Oils were easierinclined on meeting further profit-taking, but Industrials re-tained a firming tendency.

Consolidated Gold Fields put FI 1.60 on 20 cents to A\$3.20 following issues.

Lyell.

Elsewhere in Minings,
Western Mining picked up 8
cents to A\$5.30, but Utah fell
16 cents to A\$5.00 and PekoWalisend 10 cents to A\$8.20.

Strata Oil, A\$2.50, relinquished
Monday's rise of 15 cents, while
Santos shed 20 cents to A\$12.50.

Vacuat that Apartalia has signed

News that Australia has signed News that Australa has signed a 750,000 tonne raw sugar deal with China pushed Bundaberg Sugar 10 cents higher at A\$3.75 and Pioneer Sugar 5 cents up to A\$3.20, but major producer CSR

## were unchanged at A\$7.40.

Helped by Wall Street's over-night firmer trend, shares on the Paris Bourse became firmer-

Banks, Real Estates, Foods, Constructions, Rubbers, Printings and Stores were mainly higher, while Electricals, Oils and Chemicals were mixed but Metals easier.

African Occidentale moved

metais easier.
Afrique Occidentale moved ahead FFr 14 to FFr 492, Perrier FFr 11.6 to FFr 204.5 and Bouygues FFr 9 to FFr 655.

#### Johannesburg

Gold shares closed mainly Vaal Reefs stood out with an advance of R2.75 to R89.50. President Steyn hardened 25 cents to R57.00 and Randiontein 75 cents to R51.25.

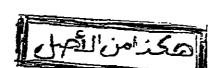
Mining Financials were mixed to firmer, with UCI up 30 ceats at R16.00 after interim figures. Diamond leader De Beers gained

20 cents to R11.80. Platinums were easier, Coppers steady and Industrials firmer in

#### Amsterdam

Among Golds, Central Norse a firmer bias. Unilever, Royal man rose 60 cents to A\$11.50, but GMK shed 10 cents to A\$2.20. Stock prices closed mixed with FI 1.60 among the most active

Ϊĝ				1	
ág Sg	CANADA	BELGIUM (continued)	HOLLAND	AUSTRALIA Price +	IAPAN (continued)
5g	Stock 28 25	July 29 Frs		or July 29 Aust. 5	July 29 Yen —
	Abitibl	Petrofina	ACF Holding	ANZ Group 4.70 1.02	677 + 1 0.63 Kumasai 398 -7
1 <u>2</u> 5,	Agnico Eagle 15te 1578 Alcan Alumn 36 35	Soc Gen Banq 2.420 -10 Soc Gen Belge 1.448 +10	Ahold	.9 Allstate Expl 1.90 +	0,82 Kumagai 398 -7 -0,05 Kyoto Ceramic 5,180 -40 -0,05 Lion 582 -8
34	Algoma Steel 3534 3534 Asbestos 351g 351g	Sofina   5.345   -55	ABN	.5 Jássoc, Pulo Pap. 1.95 🗀	0.05 Maeda Cons 509 -1 0.01 Makita
59 54	Rk Montrest 983, 199	Traction Elect 2,50540	AMRO	.6 Aust Cons Ind 2.10	Mary beni
5g 7g	Bk Nova Scotia 3034 314 Basic Resources. 1414 1478	Union Miniere 745 +6 Vielle Mont 1,350 +20	Bos Kalis 91.5 —0 Buehrmann-Tet 67.9 +0	.3 Aust Nat Inds 2.78 +	0.05 Marui 652 0.04 Matsughita 6855
54	Bell Canada 1958 Bow Valley 2478 2578	VIBILIO MONE 1,000 . T20	Caland Hidgs 24.2 +0	.1   Bank NSW   2 04	0,81 M'ta Elec Works   568   +1
	1 DP Canada 4764   4755	DENMARK .	Ennia	.1 Bond Hidgs., 2,00 +	0.07 M'bishi Bank 416 649 +5
14 58	Brascan A 29 294 Brinco 8 8	July 29 Price + or	Euro Com Tst 67.50; Gist. Brocades 32.6; —0	Bl'ville Copper 2.58	0.05 M'bishi Elec 189 -1 M'bishi Ri Est 392 +10
12	8.C. Forest 1534 1618 Cadillac Fairy 24 25	Kroner -	1 Heineken 54.5xx + 1	0   P( 01)   P( 02)	0.65 Mitsul Co
뒃	Camflo Mines 31 5214 Can Cement 1254 1278	Andelsbanken108	Hunter Douglas 15.4 +0	1	Mitsul Ri Est 529   +8
àg 3g	Can NW Lands! 2454   2518	Burm & Wain 43 Cop Handelsbnk, 104.0 +0.7		1 CSP 1.740	NGK insulators 471 -4;
7β 1g	Gan Packers   325g   3234 Gan Perm Mtg 191g   191g	D Sukkerfab 263.75 + 0.2	Nat Ned Cert 118 +0	2   Castlemaine Tys. 5.05	MIDDON GAKKI 095   —9**
18 14	Can Trustco 2712 : 2719	East Asiatic 1087.5 + 1.2	1 Neg Wid Radk   X90'R;1	5 Do. Opts 0.19	Nippon Oil 1 470   +20
ام او	Can Imp Bank 26   2534 Cdn Inds 27   2614 Cdn Paelfic 4168   4138	Finansbanken 144.25 +0.2 Forenede Brygg. 265.50.5	Oce Grinten 126 -4	Coles (G.J.) 2.00 +	Nippon Shinpan 550 —9 0.02 Nippon Steel — 127 —2 0.10 Nippon Sulsan 198 —1
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3,	Chieftain	IPanirfahrikker 113.25 ±3.9	5 Riin-Scheide 52.1 $\pm 0$ .	Crusader Oll 4.00	Nisshin Steel 138 -1 Nomura 400 -1
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8	Dom Bridge 19   19	July 29 Price + or	VMF-Stork 38.5 +1	ennings 0.93 +	Sapporo 248 -2 0.05 Sakisul Prefab 730
2	Domesundvise 3 754   367	Frs	VNU 84.8 +0. Volker-Stevin 52.9 +1.	Jones (D)	0.00 Sharp
B	Dom Stores 171 <sub>2</sub> 171 <sub>2</sub> Domtar 247 <sub>8</sub> 25 Falcon Nickel 120 121	Emprunt 4,2 1973 2,473 +6 Emprunt 72 1971, 8,595 +46	West Utr Bank 255 +7	Leanard Oil 1.60	300Hity
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4	Guif Canada 5434 . 3512	Air Liquide 437xr! 3	ITALY	Metramar Min 0.45 +0	7 Taisei Corp
8	Gulfstream Res., 11 1012 Hawk Sid. Can 1814 1814	Aquitaine	July 29 Price + or	Monarch Pet 0.70	
2	Hollinger Ags. A. 591 <sub>2</sub> 60	BIC 572 +2 Bang' Rothschild 148,1 +0,1	Lire -	_   Nat Bank 2,70	l Tailin (120 (1
4	Hudson's Bay 2518 2538	Bouygues 655 +9 B\$N Gervais 1,014 +10	ANIC	Ö Micholas Int 1.15	TBS 521
3	do. Oil 5 Gas 5578 55 Husky Oil 191 <sub>2</sub> 195 <sub>4</sub>	Carrefour 1.575xr	Bastogi Fin	Oakbridge 4.20	Tokio Marine 594 +2 Tokyo Elect.Pwr. 900
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-	Power Corp 16 1518 Quebec Strgn 5.75 5.62	Peugeot-Cit 202,5 —1.7 Poclain 220 —3	Norsk Hydro 577-5 -7.6 Storebrand 120	Cosmo Prop 2,35	12.10   -0.20
	Ranger Oil 415 42	Radiotech 314,5 —1.5 Redoute 440		Eastn Asia Nav., 5.5 +0.4 Hang Seng Bank, 142 +1	
_	Rio Algom, 341	Rhone-Poulenc 135 +1.1 Roussel-Uclar 256 —7 St-Gobsin 122 —2.3	SWEDEN	HK Electric 7.00 HK Kowloon Wh. 75.5 +0.1	Sime Darby 3.38 -0.64 Straits Trdg 6,95
- ]	Royal Trustco A. 16 . 15 . 18	Skia Rossignol 685 i	July 29 Price + or	HK Land	
	Sceptre Res 144 145 8 Saegram 635 64 1 Snell can Oll 345 3514 1	Suez	Kronor —	HK Telephone 27.2 -0.1 Hutchison Wpa 11.7 +0.1	SOUTH AFRICA
-	Snell can Oll 34 35 4 7 Steel of Can A 34 344	Thomson Brandt' 225,5 -1,5	AGA 182	New World Dev., 4.95, -0.0	12 July 90 19-1
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Alan Friedman reports on the drug store chains. Will Britain follow the U.S. trend?

# A prescription to fight the recession

ereryone participates." This is the motto emblazoned in the right Avenue onces of Asso-dated Chain Drug Stores (ACDS), one of the key organisations in the rapid growth of chain "drug stores" retailing in the United States. UK retailers have a number of lessons to learn from their American counterparts and one of them is the careful use of the sometimes scorned "bigger is better" concept in the chemist group sector. There are signs that some, at least, are catching on.

Managers of British DIY retailing chains have been among the most active to follow U.S. and Continental attitudes and pioneer the large, edge-oftown "superstores" atract a middle-range clientele and feature high volume

It may well be that the next sector of UK retailing to take a lets with a broad merchandise feat out of the U.S. experience fitti be the chamist shop fusiness. Despite important differences in UK and U.S. style there is still a good deal to be learned from the extraardinary growth of chain drug prescription.

The growth of chain drug tores a chain is defined as more than four outlets under common ownership—has been inded by a number of manageent and marketing associations such as ACDS. These organisaions specialise in the growth of the chemist shop sector.

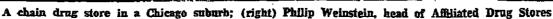
As membership organisations they have literally grown up with the business. Although they were founded in the 1920s, the "take-off" period for U.S. drug stores came after the Second World War and particufarly in the 1950s and 1960s.

graph in the time, national strategy groups such as ACDS and its sometitor, Affiliated Drug Stores (ADS) were working directly with the retailing chains to win over the American consomer. The chains have almost outgrown the need for outside help, providing an impressive rase for the benefits of joint strategy on a major scale.

Many of the 15,000 outlets in the U.S. chain drug store field around which young people employ co-operative manufacturing arrangements and co-drink "egg creams" or milktaring arrangements and co-drink ordinate advertising and dis-shakes. counting campaigns. So synchrothe same floor plan as a related branch in Florida.

stores reaped 56 per cent of U.S. drug store sales of sections, health and beauty aids, \$26.7bm (£11.9bn). Large out- book and periodical stands and





mix have become widespread. Drug stores now sell products ranging from artificial Christmas trees to hosiery and elec-tronic video games as well as making up the traditional

The latest store innovation has been the walk-in, walk-out dental surgery. In order to lure customers, the chain store managers and their national associates constantly concoct new gimmicks.

Last year's total sales of the U.S. drug store chains — at \$14.86bn (£6.6bn) — were impressive. Total net profits came \$357m (£158.7m). Average sales per store totalled just under \$1m and the 676 different drug store multiple groups owned more than 107m sq ft of selling space last year.

ACDS was founded in 1926 by a group of chain drug store wars which started as long ago owners in order to keep abreast as the early 1950s, he says. of the latest trends in prescription medicines and related products. This was in the golden age of corner pharmacies - a period marked by the privatelyowned neighbourhood shop which sold medicines, related goods and probably had a long counter called a "soda fountain"

counting campaigns. So synchro-nised is their approach that a over. The present-day American chain store in Utah may have drug store is a large combination department store with a ranch in Florida. chemist's desk located at the These elements of large rear. To get to the prescription scale planning have paid off counter the customer must walk independent. Last year, chain past a labyrinth of clothing and food racks, DIY and electronic

According to Mr. Robert Roth of U.S. stockbrokers Merrill an Lynch, the drug store chains' merchandise mix now consists of "low-priced high-consumption that are relatively unaffected by the economic dislocations that can adversely affect other retailers."

Mr. Roth also notes that the historic ability of drug chains to identify fast-growing merchandise categories and to assimilate them successfully into their merchandise mixes has bolstered volume growth rates.

of Associated Chain Drug Stores which serves 5,300 member stores in all 50 states. The modern chain drug store developed as a result of price

"The concept of price wars became so popular that some the smaller drug stores printed signs which read 'cut-price goods' and they started Some stores, says Mr. his group employs a buying Shain, then branched out into staff of more than 100, but that houseware, toys, gift items, stationery and automotive based ACDS is "a good in the New York-stationery and automotive based ACDS is "a good in the New York-stationery and automotive based ACDS is "a good in the New York-supplies. By the late 1950s small stores

were being gobbled up by the us to keep aware of what key new and larger "super drug vendors in New York are up Whereas the average independent drug store looks to prescriptions for about 50 to 60 per cent of total business, the chain drug store can survive with as little as just 18 to 20 per cent of turnover derived from this source. he says.

It was all part of what we

more. A visit to the local drug ping," says Mr. Shain. "The 2,000 stores, each betwee store may turn into an expensedy growth of American and 10,000 sq ft in size. sive adventure in impulse suburbia in the 1960s also con-

tributed to the trend. Mr. Shain also see ACDS as nationwide group. an information service for chains across the country. "We are the eyes and ears of faraway store groups. We put together group purchases for hundreds of stores across America and co-ordinate prices by going to manufacturers and producing under a private

label." Although the net worth of ACDS is just \$500,000, its team of "merchandise counsellors' serves 31 different chains with as bolstered volume growth billions of dollars of business.

These chains, through the issue Mr. Ira Shain is the president of nominal shares, collectively own ACDS.

Among the chains within ACDS are some of America's most successful groups. The Jack Eckerd Drug Company started only 30 years ago, but recently added its 1,000th store. Last year the company reached the \$1.3bn mark in sales and achieved \$60m in earnings, both drug-store sector records.

Mr. Bud Perfit, senior vicement. It costs us just \$4,200 each year and we think it helps

Eckerd group is publicly quoted company with shares on the New York Stock Mr. Philip Weinstein has been

His member chains, of which chains. The revenue from these store, there may yet be lessons now accept as one-stop shop- there are 70, account for around manufacturers helps to meet to be learned in the UK.

"The 2,000 stores, each between 8,000

Mr. Weinstein concentrates on "special deals" for his examples such as Christmas plants with plastic ornaments and "funny Easter candy" as successful ventures in drugstore marketing.

But even with package deals and private labels, Mr. Weinstein admits that the trend to larger and larger stores is causing headaches. "It's getting tougher as chains merge with each other. We lose a member each time this happens," he

echoing the words of But most industry analysts, Mr. Weinstein observes that Weinstein although drug chains are not recession-proof, they are reces-sion-resistant. "People will always have to buy some of our products. They are staple

He adds that when money is short, customers may even go down market from department stores and come to a chain drug store to purchase a television set or music centre. "We offer the advantage of constantly cut prices," he claims.

Service groups such as ACDS and ADS act as a back-up for some major chains. Says one chain store chief executive: They keep us on our toes. They supplement our OWIL

The high point for both groups is a twice-yearly exhibitors' show, held either in New York or Chicago. At these

the operating ACDS and ADS.

In Britain, with the U.S. experience clearly in mind, Boots has started to experiment with larger (40,000 to 50,000 sq ft) outlets, although not in the London area. Today, its 62 stores account for around a third of selling space out of more than 1,100 stores around the country.

Boots, which has a dominant market share, toyed with a more serious plunge into the departmental stores business in 1973-1974 when it bid £225m for the House of Fraser group. But it withdrew before the deal was vetoed by the Monopolies Commission. At the time, Boots saw the potential acquisition as complementary to its chain busi-

On a much smaller scale. company called Superdrug has shown that there is scope for bringing the "drug store" concept to the UK. Founded in 1967, it is a subsidiary of Rite-Aid, a U.S. chain. Last year more than 100 UK outlets produced a turnover of £40m.

The Superdrug chain does not make up prescriptions, and the emphasis is upon fast-moving toiletries and related items. Some industry analysts see Superdrug as a minor thorn in the side of Boots.

Mr. Keith Ackroyd, a director of Boots, believes there are too many social and cultural differences from the U.S. for any radical change in the British retailing style. He stresses the difference between American drug stores and British chemist shops.

Above all, he suggests that the High Street concept is very much a British approach, not easily changed. The Americans, says Mr. Ackroyd, have abandoned the city centre.

"We try to suit our business to the local community, adding range of merchandise beyond pharmacy items in gradual stages. As the shopping group increases in size, we will expand in size and create more of a department store."

This highlights at least one major difference in retailing philosophy. The American chain drug store entrepreneurs appear to achieve more rapid rowth by constantly changing their merchandise mix and by a consciously diversified approach However, the trend in Britain is towards some of the more gatherings, dozens of manufac- ambitious techniques of the U.S. president of Affiliated Drug turers pay fees for the chance scene. With out-of-town retail-Stores for the past four years. to sell a deal to the drug store ing, centred on the chain drug

## **CROSBY** SPRING INTERIORS LIMITED

ordinary share

Making a total for



£10,618,876 £10,051,133 Sales Group Profit (after tax and extraordin-£762,134 £1,345,003 ary income) Capital & Reserves £4,737,184 £3,540,141 Earnings per 6.7p ordinary 10p share Final Dividend per

0.78958p 0.87p the year of The Company has announced a Scrip Issue of one new ordinary share for every one ordinary share held as at 27th June, 1980. Annual Report available from Wilmere House, Wilmere Lane, Widnes, Cheshire WAS 9UY.

#### **BARLOW HOLDINGS** LIMITED

#### **RESULTS FOR 1979**

Earnings before tax-Tropical Agriculture Investment Income

£2,742,762 £1,232,678

Dividends 3p per 10p share

The chairman J. K. BARLOW expects agricultural

£1,411,213 OUTLOOK

profits may be lower in 1980 and that investment income should continue to improve.

The report and accounts were adopted at the annual general meeting held on 29th July 1980.

### M. J. H. Nightingale & Co. Limited

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50	22	Armitage and Rhodes	22	- 1	3.8	17.3	1.4
153		Bardon Hill	153	+ 3	9.7	6.3	5.8†
100	75	County Cars 70.7% Pf.	75		15.3	20.4	_
101	63	Deborah Ord	97	+ 1	5.0	5.2	10.7
125	88	Frank Horsell ,	120	+ 1 + 2	7.9	6.6	3.8f
129	73	Frederick Parker	73	_	11.0	15.1	3.3t
156	92	George Blair	92	~ 2	16.5	17.9	<u>—</u> †
84	45	Jackson Group	84	_	8.0	7.1	3.21
153		James Burrough	119	_	7.9	6.6	9.6
302	242	Robert Jenkins	290	+ 6	31.3	10.8	
232	175	Tordey	222	_	15.1	6.8	3.8t
34 .		Twinlock Ord	13	0°±	_	_	—t
88		Twinlock 15% ULS	88	+ 6	15.0	17.0	_
56	23	Unilock Holdings	49	· <u> </u>	3.0	6.1	7.5
50		Unilock Holdings New	48	+ 2		_	7.4
99	42	Walter Alexander	97	+ 1	5.7	5.9	5.4
238	136	W. S. Yeates	237xd		12.1	5.1	3.91
230	130	At. 0. 1550g					

# Frankfurter Bank was established on April 11, 1854. It ranked among the top three note issuing houses and was one of the leading commercial banks in its region. The Bunk merged in 1970 with Berliner Handels-Gesellschaft to form BHF-BANK. Berliner Handels-Gesell-Eschaft was founded on July 2, 1856. Under the stewardship of Carl Fürstenberg, one of the most distinguished financiers of his time. this Bank developed into one of Germany's foremost merchant banks. the deal of the first day Brighton type of that said to the specific of the second 2 - A fact from Consus

# 125 Years of Solid Achievement

Today BHF-BANK is among the top ten private banks in Germany with a Group business volume of DM 21 billion, up DM 1.1 billion from the previous

year. The Bank looks back on twelve decades of solid growth in banking with the two founder institutions having contributed broad based expertise in all areas of commercial and invest-

ment banking. 1979 was a year of continued progress for the Bank with an increased volume of international commercial business as well as considerable expansion in worldwide financing. New offices were opened in Los Angeles, Bogota, Rio de Janeiro and Madrid. The branches in New

as at December 31, 1979 Business volume. Total deposits\_ 15.796 Capital and reserve

The complete Annual Report in German and nmarized Annual Reports in English, French and Spanish are available on request.

York and Cayman as well as the Luxembourg subsi-diary, BHF-BANK International, substantially contributed to the further strengthening of the Bank's global activities. In inter-

national and domestic underwriting BHF-BANK ranked again among Germany's major investment houses, lead or co-managing numerous issues and participating in most quality offer-In the spirit of its distin-

guished tradition as a resourceful banque d'affaires, BHF-BANK continues to concentrate on providing comprehensive merchant banking services to multimarket corporations around the globe.

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# Coffee prices reach four-year low

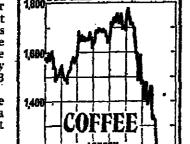
BY RICHARD MOONEY

CONTINUED SPECULATIVE selling pushed prices still lower on the London futures market yesterday with nearby positions falling over £100 a tonne at one stage. But after a late rally the September position ended only £36 down on the day at £1,163

Coffee futures prices have now fallen more than £300 in a month to reach their lowest levels for four years. There were no apparent fun-

damental developments 10 explain yesterday's sell-off. Physical buying interest was reasonable" traders said. Most of the selling was by speculators and it was suggested that much of this was "forced selling" by traders who could not been taken by surprise by the meet their increased margin requirements following yesterday's in the coffee market, especially fact that Indonesia, which has

attributed Dealers recovery in the afternoon to support buying by the Bogota producer group which operates Many London traders have season still has a month or so its efforts,



284 2851119**8** 

sheer size of the recent decline as sellers are normally expected to be reluctant at this time of year because of the risk of frost in Brazil. But the weather in Brazil's coffee regions has been unsually warm and although the traditional frost

to run, all thoughts of serious damage being done this year appear to have been dismissed from traders' minds.

The "bearish" mood of the coffee market seems to have become firmly entrenched and all the producers' efforts to boost prices or at least stem the decline have failed.

Worried at the sharp fall which followed the easing of frost fears at the end of June the main producers led by Brazil embarked on a policy of refusing to sell their coffee until prices recovered to what they considered a reasonable But roasters in consumer

countries, where stocks are fairly high, were unimpressed, and the decline continued. The an unusually good crop, has remained a keen seller has not helped the producers' cause. The Bogota group has fought

valiantly to steady the market but an ever increasing flow of speculative selling has swamped

# Scheme to protect mackerel

BY OUR COMMODITIES STAFF

THE GOVERNMENT has taken was needed to make the best use ments of the export markets, action to prevent over-exploitation of Britain's west coast had become the mainstay of the of the mackerel. mackerel fishery—one of the British catching industry. The Weekly quotas few large fisheries still available BFF represents Britain's deepto UK trawlermen.

Answering a Parliamentary question yesterday Mr. Alick Buchanan-Smith, Minister of State for Agriculture and Fisheries, said the Government had decided not to restrict entry tot he fishery, but to limit further growth in catching capacity.

From midnight last night he said licences to fish for mackerel would not in genreal be issued to purse seiners or freezer trawlers which had not previously been catching British mackerel. These types of vessel are the most efficient, and therefore the most destructive of stocks, operating in British

to protect the fishery was welcome but questioned the wisdom Niger, the Central African on inform of "penalising efficiency." An Republic and Sudan, the UN July 21, official said maximum efficiency Food and Agriculture Organisa- Reuter

of the mackerel fishery, which

sea trawler operators. The Government has also decided to alter mackerel licensing arrangements so that vessels will get a seasonal quota welcomed unreservedly by the

The official said it would allow

Weekly quotas had forced

fishermen to go "hell for leather" at the fishery, he said. This had led to export markets being flooded at some times and starved at others. It had also caused early closure of the instead of the weekly quota fishery once the catch limit was given last year. This move was

In the 1979-80 season, British fishermen landed about 300,000 tonnes of mackerel, more than the industry to plan more effectively and to meet the requirefish catch.

# Locust plague warning

ROME - African migratory tion (FAO) said. western Chad and possibly also

The British Fishing Federa ture in north-east Nigeria, will be needed to prevent a tion commented that the move northern Cameroun, north-locust plague it said in the project the School will be needed to prevent a to project the School will be needed to prevent a to project the School will be needed to prevent a to project the School will be needed to prevent a to project the School will be needed to prevent a to project the School will be needed to prevent a to project the School will be needed to prevent a top project the school will be needed to prevent a top project the school will be needed to prevent a top project the school will be needed to prevent a top project the school will be needed to prevent a top latest food outlook report, based on information available up to

# Tin rises on supply squeeze

By John Edwards

TIN PRICES rose on the London Metal Exchange fol-lowing a "squeeze" en supplies immediately available to the market. The cash price gained £70 to £7,205 a tonne, and at one stage moved above the three months quotation, which eventually closed £44.5 up at £7,212.5.

Trading interest was subdued, however, prior to the third offering of surplus tin from the U.S. stockpile, due to be sold yesterday. In the first two fortnightly offerings on July 1 and July 15 alt bids received were rejected as being below the market price level. Traders are waiting to see whether the stockpile authorities will maintain their hard line attitude or be tempted to make some sales at below market prices.

Reuter reported from La Pez that the Bolovian Mining Commission (Comibol) have offered a new draft agree-ment to tin miners to end a protest strike that has paralysed the industry since the military toppled Presi-dent Lidia Gueller 12 days

Meanwhile the Straits Trading Company in its tin market review, issued in Singapore, noted that the average Penang market price during the first balf of 1980 jumped to M\$2,234 a picul compared with M\$1,924 in the same period of 1979. In the last six weeks of the second quarter, however, prices de-clined to M\$2,150 influenced by the prospective resump-tion of U.S. stockpile sales, Straits Trading said.

# Indonesia to postpone

rice imports JAKARTA - Indonesia will

postpone contracted imports of 600,000 tonnes of rice until at least October, Mr. Bustanil Arifin, head of the National Logistics Board (Bulog), has

Storehouses are overflowing with purchases from local crops following good harvesting this year, he said. Bulog had pur-chased 1.5m tonnes of rice for its buffer stock from local farmers this year, 300,000 tonnes more than last year, he added.

LEAD IN BATTERIES

# New technology cuts demand

weight and thus the lead con- cent over conventional battery proved. Some five years ago the antimony grid alloys and extent of batteries is speeding up dramatically. Two develop of lead. ments at pilot production Dunlop Australia has gone stages in the U.S. and Austra further by introducing a new lia respectively promise to offer savings of between 10 per cent Pulsar a few weeks ago which and 30 per cent.

Already the hard-pressed lead market has seen prices collapse from a high point of more than £700 a tonne last year to below £350 a tonne. Batteries account for about half the lead used in the world. Two important contributory factors in the current fall in demand for the metal are the recession in car and commercial vehicle production, and the steady introduction of lighter batteries.

The Lead Development He abandoned the classic Association which has been battery form in which the cells monitoring the progress of bat-tery technology closely is taking the new work in Australia and the U.S. seriously as a pointer to even lighter battery designs for the 1980s with consequent reductions in lead usage. Globe Union of the U.S. has managed to substitute plastics for lead in the design of one of the most important components of the lead-acid batterythe grid. Each cell in a conventional lead-acid battery is made up of a bundle of thin grids made of lead. Globe Union has invested a plastics grid upon which a pattern of lead strips is superimposed to carry current to the terminal. First indications are that the

plastics grid will achieve a

automobile battery called the is 30 per cent lighter than conventional designs and about 25 per cent smaller.

The battery is being described for new technology Mr. Bill McDowall, a 37-year-

old physicist and electrical engineer, invented the Pulsar while research and development manager of Dunlop Batteries in

are built up from grids inside a container. Instead, the Pulsar is constructed from a series of plastic frames each of which can be regarded as a very thin battery with active material and grids and separators. A number of frames are bonded together and they form a battery with an integral casing. Finally the battery is filled

with electrolyte through tiny holes which allow it to breathe when in service. It does not require "topping up" after require being installed in a vehicle. The western world has been using nearly 2m tonnes of lead

a year in battery production in recent years. But the weight of each unit has been falling steadily as conventional lead-

Dunlop. Australia has gone Batteries now in production require average between 10 kilos and 11 kilos each.

Apart from the breakthroughts now being claimed by Globe Union and Duniop Australia the big manufacturers are locked in a furious technical as revolutionary by Dunlop. debate about the best design When shown at the International Lead Conference in Madrid in May it won first prize providing batteries with adedebate about the best design weight and materials while still quate power.

> Mass production of light-weight designs by the big manufacturers is concentrating upon two techniques...the low maintenance battery and the maintenance-free battery.

AC Delco, the General Motors components subsidiary, has led the way in maintenance-free automotive batteries with its Freedom design. The Freedom does not need "topping-up," as it is sealed for life. The traditional lead-antimony alloy for the grids has been replaced with a lead-calcium alloy. AC Delco claims the advantages of the lead-calcium system include lighter weight, resistance to over-discharge, better internal electrical properties, and a 12-months shelf-life fully charged compared with only four months on average for the older designs.

Other manufacturers have

THE RACE to cut down the weight saving of at least 10 per acid battery design has im- of antimony in their leaddesigns by reducing the amount average weight of a battery was perimenting with other metals of lead.

Dunlop, Australia has gone Batteries now in production require topping up to only. every 18 months.

AC Delco is selling its Free lead-calcium / battery dom vigorously in international markets now after several years experience with it in the U.S. The group will make 2m units a year at a new plantbeing built in France near Strasbourg. Deliveries will start later this year into an already saturated European battery market

The low-maintenance baltery designs have strong support in the industry. But flere are signs that the hot pace being set by AC Delco will persuade other producers to switch to the maintenance-free lead-taletum design. The emphasis will be on saving more weight to cut the cost of materials.

The battery market is pricesensitive. Customers want more sophisticated batteries but they do not want to pay more However, the innovations by Globe Union and Dunlop Australia offer the prespect of some manufacturers seeking by

licence, or through their own research, to manufacture advanced new battery designs which will use less lead than the present best designs on the market, will be lighter in weight, and will certainly be preferred to reduce the need maintenance free. The pros-for "topping-up" and save pect raises serious questions weight by reducing the amount for the lead producers.

## Bad weather hits Israeli citrus exports

ALTHOUGH Israel exported only 44.5m containers in the 1979-80 shipping season, which ended two months ago, income from citrus sales abroad increased.

The total quantity exported was down by more than 10 per cent from the preceding season's 50m containers, but income rose to \$257m from \$250m a year earlier, according to official

The decline in the quantity sent abroad was due to in-clement weather conditionsprotracted heavy rains in the winter followed by early tended heatwaves.

# Quality plan for apples

FINANCIAL TIMES REPORTER

FARMERS are being asked to ported. market all their cox apples under a new "Kingdom" banner aimed at being a guarantee of quality and stable

In a bid to boost home sales, Britain's growers are to set up their own force of inspectors to the standard and ' police " quality of fruit being offered for sale in the markets. More than 1,000 apple growers

have been recruited as inspectors. All the main wholesale fruit markets will be visited at least twice a week and farmers and wholesalers dealing

offenders may be published so that people know who they are

a farmers' spokesman said. The "Kingdom" scheme is being officially launched this Development Committee and week by the Apple and Pear the Central Council for Agricul | up to July 21 tural and Horticultural Cooperation.

A spokesman said, "It is aimed at developing the marketing and promotion of English Cox apples and will ensure the at least twice a week and housewife is kept regularly pro-farmers and wholesalers dealing vided with properly graded, top in inferior produce will be re-quality apples at stable prices."

## Forecast of improved cassava output

ROME-World cassava dutput in 1980 is forecast at 120.6m lunnes of roots, up from 117.8m in 1979, but below 121.3m in 1978, the UN Food and Agriculture Organisation. (FAO) said in its latest food butlook report based on information available

International markets for cassava widened in the first half of 1980 with the Soviet Union and Eastern Europe buying 200,000 to 300,000 tonnes of cassava chips and pellets following the suspension of US grain shipments to the USSR, it said. Reuter

## **BRITISH COMMODITY MARKETS**

little stronger in the pre-market, forward-metal treded up to £964 during the morning Rings, but this proved to be the high for the day. Local selling during the alternoon quickly took the price back down to £946, at which level there was strong buying interest and the price rebounded up to £957. The metal weakened later to close at £953 on the late Kerb. Turnover a.m. + or p.m. + or

COPPER	Official	ļ <b>'</b> '	Unofficial	
	2	. ¥	3	£
Wirebars		1	<b>:</b>	Ì
Cash	940-1	-7	956-7	2
3 months	957-8	3.5		÷ 25
Settlem't	941	<b>—7</b>		
Cathodes		- 1		
Cash				+ 1.5
3 months	932-3	÷ 5,5	930.2	+.5
Settlem't :	908	-5	_	i :-
U.S. Prod	!		<b>-</b> 100 - 105	
that in the	he morn E941. Th i9, 58. It 1956. A iths E952 5. Kerl	ing ree m (erb; litern; . 53. 5: V	ionths £356 Wirebors, pon: Wire 52.3, 53.8 Virebors,	obars 5, 57, three bars, 5, 54,

BASE METALS

TIN—Moved higher in active trading.
Forward metal opened stronger at 57,200, and traded up to £7,230 during the first Ring. The contange narrowed the Exchange in generally quiet rading conditions. After opening a narrowed the forward price back to the first Ring, and the first Ring as hedge sell-firmed during the second Ring, and firmed during the sec Wardation appeared but the hedge contengo reappeared,

High Grade £ £ £ £ £ £ £ £ 7180-90 +57.5 7200-10 +77 3 months 7180-90 +17.5 7210-5 +44.5 Settlem t 7190 +60 - 44.5 Standard Cash..... 7180-90 -57.5 7200-10 +79 3 months 7180-90 +17.5 7210-5 -44.5

Morning: Standard, cash £7,230, 20, 7,200, 7,190, 80, Three months £7,230, 7,180, 90, 80, 90, Kerb: Standard, three months £7.290. Alternoon: Standard, three months £7.190, 7.205, 7.200, 7.210. Kerbs School 7.205, months £7,220,

Our clients speculate, free of tax, in very small to very large amounts, on :-

CORAL INDEX: Close 488-493 (+3)

## LEGAL NOTICES

of Redhead Piggott, 43/45 Butts Green Road, Hornchurch, Essex, prove their debts or claims at such

debts are proven.

Dated this 24th day of July, 1980.

C. J. O. SULLIVAN, Liquidator

ST GODRICS COLLEGE LONDON Business Studies Course Starting September 1980 Resident and Day Students 139700: U-U5987

# a.m. + or p.m. + or Official - Unofficial -TIN

Settlem't 7190 +60 Straits E. \$2160 +7 -

THE COMPANIES ACTS 1948 TO 1967
NOTICE TO CREDITORS
A. J. RUFFY & COMPANY LIMITED
(Creditors' Voluntary Winding Up)
NOTICE IS HEREBY GIVEN that the
Creditors of the above-named Company are required on or before the first
day of September 1980 to send their
names and addresses, with particulars
of their debts or claims, to the underof their debts or claims, to the under SIGNED CHRISTOPHER JOHN OWEN SULLIVAN

the Liquidator of the Company: and If so required by notice in writing from the said Liquidator either personally or by their Solicitors, to come in and be excluded from the benefit of distribution made before such

#### COURSES

utight poad hampsterd Bondon Nusgad

LEAD—Fell slightly in quiet condi-tions. Forward metal opened higher in pre-market trading at 5370, but came back to £365 as the morning Rings got

November Coffee 1193-1206

#### London Traded commodities, including GOLD. 2. The STERLING/DOLLAR exchange rate. I.G. Index Limited, 73, The Chase, SW4 ONP. Tel.: 01-622 9192

PREVENTION OF FRAUD (INVESTMENTS) ACT 1958 NOTICE IS HEREBY GIVEN that Osakaya Securities Co. Limited of Basildon House, 7/11 Moorgate, London, E.C.2, has reinquished the Principal's Licence issued pursuant rincipal's Licence issued pursuant to Section 3 of the Act, having been exempted from the requirement to hold such Licence by virtue of being a member of the United Kingdom Association of Tokyo Stock Exchange Members which by an order made by the Department of Trade on 20th February 1980 was declared to be a recognised association.

declared to be a recognised association of dealers in securities pursuante Section 15 of the Act. of Trade pursuant to Regulation 5 of the Prevention of Fraud (Investments) Deposit Regulation 1944 (S R & O 1944 No. 541) for the release of the five hundred pounds deposited in pursuance of Section

Any persons having at claims on the funds representing the deposit should send their names and addresses and details of their claims. to the Assistant Secretary, Companies Division, Department of Trade, Sanctuary Buildings, Great Smith Street, London, S.W.1., pot later than 21st August, 1980.

#### TRAVEL

Chartering a Luxury Yacht need not cost the earth
need not cost the earth
We have large fleez or fully crewed
all and power yachts for charter in
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alearies and the West Indies, All have
een personally inspected and we have
large selection of brocheres and
plour photographs in the London office.
Please contact:
Please contact:
Please contact:
CAMPER & MCHOLSON

8 Repeacy Street, Landon SWIP 4500
Telest 318078 NICHLON

Yesterd'ys + or | Business

LFAD	a.m.	or or	p.m.	+ or	COCOA	Close	:	Do	n
Gash 3 months 8'ment U.S. Spot Morning 65.5, 66, 82. Afte	553.5-4 355.5-5 354 	# 15 -4.75 -4.75	\$549.51 362-3 •34-6 os £365 months	1 - -5.5 -4.75 -4.75 5, 66, £363, £362,	July Sept	1036-1037 1074-1076 1115-1117 1136-1140 1155-1156	+ 19.0 - 15.5 + 16.5 + 16.0 + 14.5 + 14.0	1038- 1076- 1116- 1130- 1156- 1167-	1 1 1 1 1
66. 57. (				-,,					

62.5. Kerb: Three months £363, 65, 65. 67, 65. 65. 5.

ZINC Gained ground in steady trading. The low for the day of £304 was reached early on during the morning trading, and strong speculative buying soon pushed the price of forward metal to the day's high of £312.5. Late profit-taking left the close on the Kerb below the best at £311.25. Turnover 4,850 tonnes. COFFEE

1	a.m. Official	.+ or:	p.m. Jnoffici'	+ or	close
Cash 3 months 8 ment Primw ts	306-7		301-2 312-3 -35.5	£ +3 +8	CC
Manina	Three		- 5756	C E	ditle

Moming: Three months £306, 6.5, Kerb: Three months £307. Alternoon: Three months £305.5, 05, 07, 08, 09, 10, 09, 10, 11, 12. Kerb: Three months ALUMINIUM - Declined in traging. Recent buying, which has proved to be largely speculative, dried up, and trade selling continued. The high for the day was [743.5, and trade selling took forward metal down to a

close on tover 5,879	be late K i tonnes.	erb of	£732.5.	Turn-
Alumin m	a.m. Official	+ or	p.m. Jnoffici'	, + or
Spot 3 months	£ 765.7 740,5.1	-6  -6	£ 758-61 736-7	£ -10.5  6

Morning: Three months £739, \$1, 40, 41. Kerb: Three months £741. Afternoon: Three months £739, 38, 35, 37, 35, 26, 37, 35, Kerb: Three months £736, 25, 34, 33, 32, NICKEL—Lost ground in quieter quieter trading. Forward metal opened of the previous night's level of £2,800, and declined during the morning to £2,795. Renawed selling left the close on the late Korb at £2,787.5. Turn-ware 178 toones.

over 378 tonnes. NICKEL a.m. +or p.m. \_-Official — Unoffici'l

Spot. ..... 2765-70 -5 2750-60 -15 3 months 2795-800 -5 2785-90 -12,5

Morning Kerb: Three months £2,795.

# Afternoon: Three months £2,795, 80, Kerb; Three months £2,790,

SILVER Silver was fixed 4p an ounce higher for spot delivery in the London buillon market yesterday at £8.881. U.S. equivalents of the fixing levels were: spot \$16.37, unchanged; three-month \$16.736, up 1 9c; six-month \$17,134, up 2 4c; and 12-month \$17,134, up 2.4c; and 12-month \$17,134, up 2.4c; and 12-month \$17,134, up 2.4c; and 12-month \$16.92-66.98 (\$16.40-\$16.55) and closed at £6.95-67.01 (\$16.48-\$16.63).

SILVER Buillon + or LM.E +0 fixing — p.m. price Unoffici'l trov oz. 

LME—Turnaver 123 (100) lots of 10,090 ozs. Mornings three months 716.2, 16, 16,5, 16, 15, Kerbs untraded, Afternoent three months 723, Kerbs three months 725, 24,

## **COCOA**

For the major part of the day cocos futures were relatively unchanged to the Monday closing levels, however a late afternoon rally moved prices off

	Close		Dune
July	1018-1023	÷ 17.5	1017-99
Sep			
Dec	1074-1076	$\pm 15.5$	1076-10
March	1115-1117	+ 16.5	1116-10
May			
July	1156 1156	14.5	1166 11
Sept			
ach#	11,01100	T 17,0	1141-11

Sales: 2.220 (3.470) lots of 10 tonnes.

Prices on the Robusta market tumbled once again during a bectic morning session when losses of FICO were registered in nearby positions following heavy liquidation in mixed activity. In the alternoon a dramatic following newsy inquisation and amatic recovery from earlier losses saw values close around the upper reaches of the reading range during an erratic session, reports Drexel Burnham Lambert. yesterday's

COFFEE	Close	_+ or	Business Done
	per tonn	IE.	Done
July Sept		0-65.0	1105-050 1180-080
Nov	1192-9	8-24.5	1220-117 1230-148
January March	1190.9	5 - 12.5	1210-125
May			1210-160 1180-175
Sales: 15,00	(5,881)		
(U.S. cents	per poun	d). O	July 28 ber Mild
Arabicas 13 ICA, 1976 13	4.50 (14 2.75 (143	9.50), .001.	Robustas CA 1983
133.00 (143.2	5}. `Un	bertesw	Arabicas

# 207.50 (same). Comp. daily ICA 1968 163.75 (170.67).

GRAINS LONDON GRAIN FUTURES—The market opened 15p higher. Wheat values remained about steady throughout the day and registered gains of 20p in fairly quiet trading. Barley saw a good volume and rose 30p-45p on the day due to good shipper and commercial busing interest, renorts Acti mercial buying interest, reports Acli.

WHEAT Sept. 95.45 -0.28 90.80 -0.85 Nov... 99.10 -0.29 95.10 +0.40 Jan... 102.95 -0.20 99.00 -0.45 Mar... 106.40 -0.28 102.30 -0.45 May... 109.80 -0.10 105.60 -0.45 Business dono-Whoat: Sept. 95.53-95.50. Nov. 99.20-99.05, Jan. 103.06-

102.95, March 106.50-106.50, May 109.90-109.80. Sales 106 lots of 100 tonnes. Barley: Sept. 90.90-90.60, Nov. 95.20-94.90, Jan. 99.00-98.75, March 102.30-102.15, May 105.70-105.35, Sales 368 lots of 100 tonnes, 100 loss of 100 lonnes, IMPORTED — Wheat: U.S. Dark Northern Spring No. 2, 14 per cont, July, 99:30, Aug. 99:80. Sept. 101:00, Oct. 102:95, Iranshipment East Coast, U.S. March Michael March 102:00 loss of 102:00 loss U.S. Hard Winter, 131, per cent, July 95.50, Aug. 97.25, Sept. 98.85, Oct. 99.50, transhipment East Coast. Maize:

# **POTATOES**

## RUBBER

the day, closing on a weak note. Lewis and Peat reported an fob price for No. 1 RSS in Kuala Lumpur of

(290.5) cents a kilo and SMR 20 at 260.5 (262.5) cents (August).								
No. 1 R.S.S.	Yest'day Close	Previous Close	Business Done					
Sept	57.68-57.80	58,50-58,80	_					
Oct	. 58,30-65, 10	59,50-59,60	_					
Oct Dec	59,60-58.70	60.70-80.80	60,40-59,49					
Jan-Mar	65,60-53,40	64.10-84.20	64.20-64.30					
Apr- Inc	66,40-66,50	67, 10-67, 30	67.10-66.40					
Jiv -Sept		89,90-70.00	69.86-69.20					
	71,80-71,80	72,50-72,70	72,10,72,00					
	74,20-74,30	74,90-75,00	74,60-74,26					
	70 76 76 BD	77 60 77 70						

# Salos: 231 (171) at 15 tonnes. Physical closing prices (buyer) were: Spot 55.50p (56.00p); Sept. 60.50p (61.25p); Oct. 81.00p (61.25p).

SOYABEAN MEAL The London market opened with gains of £2 following ronewed concern over crop prospects, reports T. G. Roddick. Prices traded around opining levels in two-way trade and closed steady with

veaker si luying.	torling ei	TCOUTA	ging fresh
	Yest'rday Close	+or	Business Done
ctober	116.9U-17.1	+ 0.50 + 1.80 + 1.95 + 1.95 + 2.15	114.20-18,50 117.50-16,90 119.70-19.00
ugust	122.00.25.0	+1.0	_

**SUGAR** LONDON DAILY PRICE (raw sugar):
(282.00 (£283.00) a tonne cif for JulyAug.-Sept. shipments. White augar
daily price was £319.00 (same).
The marker opened around overnight
levels but prices began to move alhead
in quiet reading conditions. Gains of
some £5 were recorded during the afternoon tollowing rumours that Thailand would again stop exports, beters profit-

Sales: 151 (200) lots of 100 tonnes.

No. 4 Yest'rdays Prévious Business Con. Close Close Done ennot tenne

Aug...... 290.00-288.0-287.50 | \$00.00-289.0 Oct ..... 513.00-514.0 514.00-14.50 517.50-509.0 Jan .... 525.00-325.0-528.00-27.75.527.50 Mch.... 382.00-333.0385.76-54.00-587.00-588.5 May..... 528.50-535.0-528.00-55.00 Sales: 3,748 (1,050) for of 50 formes, NUMBER 2 CONTRACT—Closo (in order buyer, seller, business, sales). Aug. 283.76, 295.00, 287.00-285.00, 2497, Oct. 322.75, 323.00, 325.00-318.00, 477, Sales 726 (1,883). Sales 726 (1,883).

Tate and Lyle ex-refinary price for granulated basis white sugar was £342.6 (same) a conne for home trade and £371.00 (£392.50) for export.

International Sugar Agreement (U.S. cents per pound tob and stowad Caribbean port). Prices for July 28.

Daily price 28 84 (27.60): 15-day overage 28.70 (26.66).

# **WOOL FUTURES**

SYDNEY GREASY WOOL-Close (in order buyer, seller, business, sales). Tondon Potatoe Futures—The market was again steader, with continued trade buying support. Prices dipped around the funch close but found further support later in the afternoon to close a hitle under the highs, reported Coley and Harper. Closing prices: Nev. 40.50, 45.0, 450.463.0, 45.0, Conder Buyer, serior, business, salos).

LONDON POTATOE FUTURES—Tile
market was agen steader, with coninued trade buying support. Prices
dipped around the lunch close but
found lurther support later in the alternoon to close a little under the highs,
reported Coley and Harper, Closing
450, 461,0-462,0, 462,0, 463,0, 463,0,
465,0, 463,0, 463,0, 463,0, 468,0,
465,0, 463,0, 463,0, 463,0, 468,0,
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465,0, 463,0, 463,0, 463,0, 463,0, 463,0, 468,0,

لمكنامنالأعل

# PRICE CHANGES

In tonnes unless otherwise stated.

			<del></del>	_
			1	Ĺ
	Metals		1	:
	Aluminium	2810/81	zľ	£810/815
	Free Mkt	\$1770/179	ـ محمد معود لا	\$1680/17
•	Соррег	-	1	l
	Čas w'bar	£936.5	<b> _2</b>	£888.5
		2930,3	F-6-	2.000,0
	š mths	£954,75	1+0,25	£912.5
	Cash Cathode	£906.0	+1.5	£853
	3 mths	£931.0	Local	£863 £888
1		25.42	T 9.00	2000
		\$648.5	+4	\$660,5
:	Lead Cash	£350.0	L-5.5	£335.5
	å mnths	£362.5	475	£342
•	Nickel	02 040 T	-1	07 040 7
	RICKBL	£3,248.5	"	23,248.75
	Freemkt(elf (ib	285/310	i	280/310c
			1	i
	Platin'mtr'y oz	P1 P0 EA	1	£182,50
	riatin met y bz	2202.30	1-1-2-1-2	2100,30
	Free mkt	E261'80	+ 5.26	£294.35
	Quicks/Iver+	8395/405	ii	S390:400
	Quicksilvert Silver troy cz	688 10e	14	794 30-
	Silver a dy dz	990.10h	173 1	127,3UP
	o mths	114'TOD	+5	753.30p
	Tin Cash	P7 90E	. 70	27 04E
	THE CHRIST	L/,ZU3	14 10-	£7,245
	o mtns	C7,212.5	j + 44, D,	£7,275
	3 mths Tungsten22,046	S142.65	l1	£7,275 8139,82
	Wolfrm 22.04 //s:1		,	\$148/146 £304
	Zinc cash	:301.5	+9	£304
	3 months	1319 B		£316,75
	Producers	2260		
	Producers	) / OU		§780
	Oils !			
			ı · !	
	Coconut (Phil).	_		<b>3</b> 640
	Groundnut	_		t
	Unseed Crude.	_	[]	£40Ò
	Ships Malaure	_		
	Paim Malayan.	_		<b>954</b> 0 ·
	Seeds			
	20079		1 1	
	Copra Philip.,	_		<del>84</del> 35
	Soyabean(U.S.)	_	i	<b>\$276.90</b>
	Grains i			
	Barley Futures	POE 10	+0.46	£95.95
	STATISTICS -	69D,10	+0.40	LE 3,33
	Maize	1	1	
	French No3AM	*	il	ż
	Wheat,	-		•
	Me 1 Ped P	± 1	l í	· •
	No.1 Red Spg.	+		‡
	No 2 Hard Wint	395,50		£93,40
	Eng. Millingt!	1		•
	g 10-1	- '		•
	Other (			
			) i	
	commodities	:	ı . '	
	Cocoa ship't	1,082	+19 !	£1,108
	Futhira Sent 4	21 036 5	+19	£1.062.5
	CoffeeF t'Sept	1 162	-36	01.400
	Childer Lookth	2,100	-20	C1,490
	Cotton A.Indexis	10.60c	'+1 K	84.15c
	Rubber (kile)	5.50p	-0.5	59,50p
	Rubber (kilo)	282	_1.0	6323.

Sugar (Raw) £282 1 £323 Woolf pa 84s kt 288p kilo 289p kilo 280p k

# 380. 364, 364, 2: Doc. 362, 368, 365-364, 18: Jan. 365, 368, 389, 10: March 365, 369, 369-368, 20: May 368, 372, 372, 371, 18: Aug. 373, 377, 375, 8: Oct. 373, 378, 376-375, 3: Dec. 373, 378, 378-377, 7. Sates: 86.

COTTON LIVERPOOL—Spot and shipment sales imounted to 152 tonnes, bringing the total for the week so far to 352 to fair general interest devaloped, with buyers a little more inclined to extend engagements. Most of the orders under review were in Middle Eastern supplies, including Turkish and Russian, but African qualities were not no letted.

JUTE JUTE—August C, bnd F. Dundes; BWC £201. BWD £178, BTB £245, BTC £209. ETD £179. Antwerp August: BWC \$480, BWD \$416, BTB \$585, BTC \$499, BTD \$427. Jute goods C. and F. Dundes: August 40-in 10-ez £12.25, 40-in 72-oz £9.65. "B" twills £30.86.

HIDES—Birmingham: Ox and light

cows up slightly, rost weaker. Second clears: Ox, 31-35.5 kilos, 33.5p a kilo (32.1p a kilo); 26-30.5 kilos, 37.1p (37.5p); 22-25.5 kilos, 38.6p (39.8p). Light cows 40.1p (38.9p),

The second secon

## **AMERICAN MARKETS**

NEW YORK, July 29. 70.90, Jan. 71.40, Feb. 71.60-71.55, A BEARISH cattle inventory report April 72.30-72.40, June 73.40, resulted in mixed closes in the live-stock complex. Cotton has led the weather-sensitive markets with lumit 45.50, Feb. 48.63-83.55, April 47.55, June 49.46, July 50.85, Aug. 50.70, Oct. 10.70 per moderate calns. Wheeler 10.7 gains while soysbeans and maize anjoyed more moderate gains. Wheat 50.00.

Was mixed as a result of spreading against maize and soys. Sugar Dec. 3 advanced steadily from early losses on 3434, reports of East European buying. Sept. Profit-taking helped cocca move to -Pork higher levels and litted coffee from (41.57) limit declines. Copper sold off very sharply as Comex stocks continued to build up. Precious metals declined ahead of the balance of trade figures to be released later today, reported Jan.

# 50.00. 328-327 (323-), 128-327 to be released later today, reported Heimold. Heimold. Potatoes (round whites)—Nov. 85.0 [84.0), March 111.0-111.5 (110.5), April 137.0-138.2 [23.5-204.0] [137.0-138.2 [137.0-138.2] [137.0-138.2 [137.0-138.2] [137.0-138.2 [137.0-138.2] [139.3] [139.3

# **EUROPEAN MARKETS**

ROTTERDAM, July 29.

Wheat—U.S. No. 2 Dark Hard Winter.
13.5 per cent. July \$305, Aug. \$208,
\$201, Sept. \$211, Oct. \$212, Nov. \$213, Dec. sellers.
\$214. U.S. No. 2 Red Winter, Aug.
\$199, Sept. \$201, Oct. \$213, U.S. No. 2
Red Winter, Aug. \$199, Sept. \$201, Oct. \$233, U.S. No. 2
Red Winter, Aug. \$199, Sept. \$201, Nov. March \$282, Sept. \$285, Dept. \$202, Oct. \$203, U.S. No. 2 Northern Spring.
\$14 per cent. July \$212.50, Aug. \$214, Sept. \$248, Aug. \$248, Sept. \$248, Oct. \$258, Oct. \$219, Nov. \$222, Rest unquoted.

Rest unquoted.

Meize—Spot \$161, effact \$158.50, Oct. \$270, Nov. Merch. \$284, Sept. \$285, Oct. \$28 Maize—Spot \$161. siloat \$158.50. July \$160, Aug. \$157.50. Sapt. \$158. Oct.-Dac. \$161. Jan.-March \$168. Batley—Aug. \$171.50, Sept. \$173.50. Oct. \$175.50.

Cocca (FFr per 100 kilos)—July 280, Sept. 970-980. Dec. 1005-1090, March 1035-1080, May 1085, July 1085-1095, Sales at call 1. Soyabeans U.S. Two Yellow Guif-ports Aug. \$303, Sapt. \$307.25, Oct. 3246-3270, May 2200-3255, July 3182, Aug. 3160, Oct. 3140. Sales at call 1. \$3085, Nov. 3170, Dec. 3125-3188, March. 3246-3270, May 2200-3255, July 3182, Aug. 3160, Oct. 3140. Sales at call 3.

DOW JONES

Dow July July Month Year Jones 28 26 age age

Spot 437,76 434,48427,30,399,44 Ftur # 445,31 448,69,441,58492,05

REUTERS

1696.2 1880.2 1675.2 1589.9

(Average 1924-25-26#100).

#### 272.81 273.57 267.45 278.59 (Base: July 1, 1952-100) MOODY'S July 28 July23M'nth ago Year ago

FINANCIAL TIMES

July 28 July 25 Math ago Year ago

INDICES

**MEAT/VEGETABLES** SMITHFIELD—Pence per pound, Beef: Scottish killed rides 82.0 to 85.0; Ulster

1201.0 1198.3 1175.9 1072.9

Scottish killed sides 82.0 to 55.0; Ulster hindquerters 70.0 to 74.0, forequarters 37.0 to 74.0, forequarters 37.0 to 42.0; Eira hindquerters 70.0 to 74.0, forequarters 38.0 to 41.0, Veat: Dutch hinds and ends 98.0 to 104.0, Lamb: English small 58.0 to 54.0, medium 56.0 to 50.0, heavy 52.0 to 58.0. Imported frozen: NZ PL 60.5; to 51.0, PM 55.5; to 55.0, Pork: English, under 100 to 41.0 to 49.0; 100-120 ib 39.0 to 47.5, 120-160 ib 37.5 to 45.5, MEAT COMMISSION—Average fatstock prices at representative markets on July 29. GB cattle 74.67p per kg fw (-0.62); UK sheep 128.44p per kg ext dcw (-5.05); GB pigs 61.57p; per kg lw (-4.81).

COVENT GARDEN—Prices in sterling COVENT GARDEN Prices in sterling covery GAHDEN—Prices In sterling per package except where otherwise stated: Imported Produce: Oranges—Brezilian; Navels 2.00-2.50; Moroccan; 54/113g 3.50-5.20; Celifernian Sunkist Valencia Lates 72/113g 4.50-6.20; Outspen; Protes/Navels 3.00-5.55; Jaffar

144/1684 1.25-2.20. Largone—Italian:
100/1504 4.50-4.80. Spanish: 7 mys 25/
45s 2.00-2.40, boxas 4.50-8.00 Outspan:
Trays 35s 3.00, box as 6.00-8.20
Grapofruit—Outspan: March Seedlass
3.90-5.00 Targerhide—Brigitian; Honey
80/125s per box 7.00. Apples—New
Zasland: Red Dougharde 1280.
Seedlat Seedlass Seedlass Fig. 280 English Produces Pointing Par had new 1.00-1.30 - Minchrooms Per pound 0.30-0.50. Applies Per pound Granadism 0.18. Streeters and English

300

150

Saudi Arabian Light-

**Gold Price** 

The buoyancy of the gold price has produced some intriguing sequels on the world financial circuit. Producer countries — including Russia --- have benefited, as well as Western central banks and other investing institutions. Gold has also regained a role — though less formal — in monetary thinking.



Jy David Marsh

THE TREBLING of the gold price since the end of 1978 has price since the end of 1978 has welded a strong financial link among the most diverse of political bedfellows.

price that joins the governments in Washington, Moscow, Pretoria and Bonn has been strengthened at a time of rising political tension. For it is this build up of East-West pressure—which came to a head over the New Year with the Soviet intervention in Afghanistan—that has provided a major driventation. ing force behind the world-wide

Hight into gold. . Gold is now trading at roughly \$200 below the peak of around \$850 per ounce reached in early January. But compared with the former official price of \$35 per outpee this still represents an 18-fold increase during the past nine years, a period when the general level of prices in the West has increased by

about 125 per cent. "The rapid rise in the gold price over the last 18 months

n markets

IN MARKETS

institutions fortunate or farsighted enough to have climbed aboard the bullion bandwagon at an early stage. (It is one of the many paradoxes about gold, however, that people who bought the metal believing in the imminence of World War III are presumably too fright-ened to enjoy their profits.) But the biggest beneficiaries have undoubtedly been the main supplying countries, South Africa and the Soviet Union, along with the large official holders of menetary gold among Western central banks and governments, led by the U.S.

and West Germany.
The rise has had large-scale economic and strategic consequences for the two goldmining nations at opposite ends of the international political spectrum. And among the in-Ironically, the strand of com-mon self-interest in the bullion own 85 per cent of the world's monetary gold, the big increase in the value of their reserves has not only provided them with an important financial buffer against the debilitating effects of the doubling of oil prices

> resurgence of the importance of the metal in the international monetary system—although in a more informal role than the one it enjoyed before the endtion of the metal's monetary

Monetary System. It has also been helped along doner (although since April the market during the past year or

ice).
Gold's backdoor remonetisation within the EMS was essentially decided when the tech-nical details of the scheme were worked out by the EEC at the end of 1978. This was the time, a year before the Afghanistan crisis, that the gold price really started to take off. Some participants in the bullion market say that the signal of a changing official attitude towards gold was the main factor behind the price rise last year.

#### Intriguing

It has been particularly intriguing during recent months to read words of approval by economic commen-tators in various Soviet journals about the use of gold within The spurt in gold has been the EMS. Moscow after all has accompanied by big price rises a large vested interest in the for oil and the other precious

higher price. Certainly the Western central banks are now broadcasting that they have no doubts about the usefulness of their gold during the past year. reserves—and this has had one important direct effect on the reserves-and this has had one market.

Many developing countries, particularly from OPEC, are trying to emulate the industrialised nations by building ing of the gold/dollar link in up their gold stocks. There is 1971. The effective resurrec a clear link between the oil price (and the rise of the importance, after a decade of OPEC surplus) and the price efforts at "demonetisation," has of gold. Even the bullion been bolstered by its mobilisa- market's softness during the tion as part of the financing past few weeks has been accommechanism within the European panied by a drop in oil prices on the spot market.

Purchases both by Middle by the proposal to use it to East oil producers and by other support the International countries in Latin America and has clearly been of great bene. Monetary Fund's scheme for a South East Asia have been a rumours—impossible to verify of the year—a colossal irony price of gold and other precious. A clear sign that the mone-the lor fit to those private investors and substitution account to aid the constant feature on the bullion—that the Soviets may have considering the U.S. Treasury's metals at the turn of the year tary authorities have mixed money.

whole plan has been put on so. According to dealers, such made at times when supplies buted significantly to pushing

up the price. The clearest example of the economic effects of the golden windfall has been provided by South Africa. With bullion sales accounting for almost 50 per cent of its total export revenue, the rising price has enabled the Republic to reflate its economy in the teeth of an international recession. Real growth of more than 5 per cent is forecast for this year—and this time (unlike during the price surge in 1975) the South Africans are budget-ing conservatively.

The Soviet Government's finances have also plainly received a considerable boost. metals that the Russians sell to the West. If the U.S. or any other country had been tempted to apply financial or credit sanctions in the wake of the Afghan invasion, Moscow could have shrugged off the threat with no trouble at all.

In fact, one of the riddles of the gold market this year has been that the Russians so far appear not to have directly capitalised on the price increase. No Soviet gold appears to have been sold to the Zurich banksthe main sales channel to the West-since the end of last year. This probably reflects the healthy state of Moscow's

foreign exchange reservesforeigners. and its belief that the market may yield even better prices if sales are withheld for a time. There have also however been

#### CONTENTS

Supply outlook Futures Monetary role Round the clock Trade demand Central banks Mining shares

been carrying out direct sales to oil-producing countries.

Similar reports have surfaced about gold-for-oil deals between South Africa and OPEC-and Pretoria certainly needs oil more than Moscow. Whether or not such transactions have taken place, it is evident that Africa at any rate is diversifying its sales outlets in Europe and the U.S.—and has switched to a policy of withholding some gold from the market—in order to reap the highest prices from the golden harvest.

Among the main industrial countries, reaction to the price surge has been more ambivalent. The U.S., for example, as the largest gold holder (with about 8,200 tonnes of the metal, or about one quarter of total reserves) has undoubtedly been pleased to see a significant strengthening of its reserve base. At one time during the peak price surge at the start of the year, the value of the U.S. Treasury's gold holdings was equal to the total U.S. debt to

Perception of this was one factor bolstering confidence in the dollar in the earlier part

1974

10

it is one of the few countries ments to depart from their pre-that still values its reserves on sent "sound money" policies the basis of the old official price.

But there have ben signs of a perceptible shift in attitude in the Federal Republic. For one mount significant opposition to the French-led drive to give the metal a key role in the EMS.

Additionally, during recent months when the D-Mark has come under uncharacteristic pressure on the foreign ex-changes, the Bundesbank's governor, Herr Karl Otto Poehl has not bene slow to point out that the currency has one important factor going for it— the size of Germany's Gold reserves, the second largest in the world.

#### Unwelcome

countries, that the scale of the sector debt held by the central price rise could have unwelcome consequences, too.

price movements have not led to unrest on the foreign exchanges - indeed, the link between the gold price and currency fluctuations seems well over the last year, largely and truly to have been severed. thanks to the revaluation of the But central bankers have been gold reserves, was put forward discomforted by the thought by the UK Treasury this month that the world-wide flight into as one of the main reasons policies.

The rapid increases in the ment from foreign banks.

West Germany (incontrast to France and some other Continental countries) tended to follow the U.S. line on gold in follow the U.S. line on gold in owning countries' reserves could the 1960s and 70s. Like the U.S. in future tempt some govern-

**HOW GOLD AND OIL PRICES** 

1975

HAVE MOVED (Monthly Assenged)

aimed at economic stability. This has not happened yet. Belgium, the only country withthe Federal Republic. For one in the EEC so far to have pro-thing, the Bundesbank failed to fited from the gold mobilisation mechanism, is still pursuing very tough monetary policies. with interest rates in real terms among the highest in the world. But there is no doubt that the big rise in gold reserves has increased the financing capacity of countries like France and

Italy. And this could enable their governments to stave off economic "adjustment" measures if the franc or the lira got into trouble on the exchange markets. Outside the EMS, there have been other clear examples of a resurgence of the metal's monet-

ary importance. Portugal re-But at the same time, there valued its gold reserves in early have been fears in the U.S. and May, using the lion's share of Germany, as well as in other the proceeds to write off public bank. official gold holdings to help loved." repay official foreign debt. And

even in the UK, the big increase in the official reserves gold could damage anti-inflation justifying early repayment of a the ultimate guardians of the policies. large loan raised by the Govern-world's currencies are not

leading role as a proponent of demonetisation since 1971.

West Germany (incontrast to countries. And the big increase have so far taken no direct action to try to control the market. In January, the central banks of the main industrialised countries briefly discussed the possibility of starting a pro-gramme of concerted sales to

brake the rise. But although both the Swiss and the Dutch authorities have indicated even in recent months that they would like to try such sales, the plan was turned down by a resounding majority.

#### Underpin

The fact that the central banks seem unlikely to unload gold in large quantitiestogether with the halt for the time being of auctions by the IMF and U.S. Treasury—has helped underpin the market. Mr. Paul Volcker, chairman

of the U.S. Federal Reserve, certainly has a good point when he says that the extreme volatility of the bullion price prevents it from regaining any central role in the monetary

However, as M. René Larre. general manager of the central bankers' bank, the Bank for rice rise could have unwelcome bank.

Onsequences, too.

At the start of the year put it: "Gold may have no There has been relief that the Canada sold off part of its official status. But it is not un-

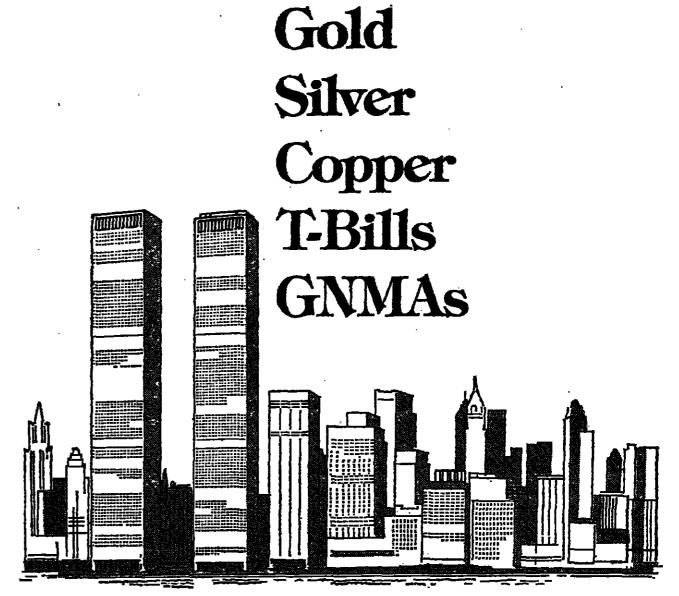
After all, central bankerslike anyone else-should be judged by action, not words. And their refusal to resurrect the Gold Pool arrangements of the 1960s by undertaking to sell off part of their stocks of bullion might indicate that even entirely free from doubts about the long-term value of paper

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# Supply outlook this decade

of opinion about the amount of free markets last year. There resolution of the structure and are plenty of data on the production of the major producers and the level of official sales, but for smaller countries and in particular the Soviet Union, the analysts have to rely to a large degree on guesswork.

The South African Chamber of Mines estimates that the world's gold supply fell by 1.5 per cent to 1,715 tonnes in 1979. Consolidated Gold Fields. by contrast, believes that it in-creased marginally to 1,765 tonnes. Meanwhile, Anglo American Corporation, the world's biggest gold producer, estimates that it fell marginally to 1.707 tonnes.

Despite the differences of a few tonnes here and there, the that the world's gold supply was broadly unchanged last year. This is in contrast to the last few years, when it has been

increasing steadily.
In 1975 gold supplies reached recently low point of just over 1,100 tonnes. Since then they have increased by over half and the key question for the industry now is what will

South African production nearly trebled its sales to 365 tonnes but the IMF sales slipped by 14 tonnes to 170 tonnes. The third factor in the equation, which is often the most unpredictable, is the level of Soviet

Once again there are slight differences in estimates but all the analysts are agreed that Soviet sales dropped sharply from about 410 tonnes in 1978 to around 220 tonnes last year -the lowest level since 1975. Russians enabled them to meet their foreign exchange targets without having to sell anywhere near as much gold as in the

In the current year gold supplies to the free market are going to be significantly currising trend in recent years. In its latest annual report the giant Anglo American group sketches out its thoughts on the short-term cutlook for gold supply as follows: "The U.S. Treasury, with the

stated policy of selling gold only to protect a weak dollar, is unlikely to hold further auctions for the time being. Further

of the current programme in gold supplied to the world's May are improbable pending mechanics - of its proposed substitution account .

While the political considerations affecting the supply of gold are very important in the short term, over the long term the rising price of gold will have an equally important impact.

To an outsider higher gold prices would be expected to lead to higher gold production but in a market dominated by South Africa and the Soviet Union this does not always happen. Gold is a scarce commodity and, paradoxically, higher prices often lead to lower supplies as the producers harbour their reserves. The Soviet Union's recent marketing strategy amply reflects this

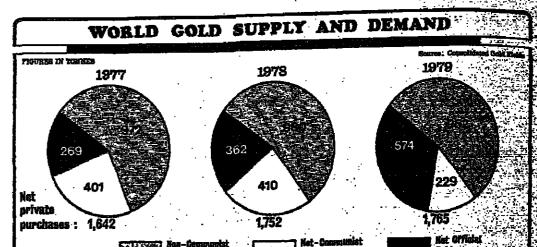
To get a proper feeling for the outlook for gold supplies over the long term, it is necessary to identify how much of the metal is in existence. It is often overlooked that since it is virtually indestructible most of the 100,000 tonnes or so of gold that has been mined since 4000 BC are still in existence.

#### Proverbial

Some of it will be buried in the proverbial hole in the ground. Some will be tied up in people's teeth or electronic gadgets and hence locked up. Nevertheless, a large amount of the gold in existence could potentially be supplied to the market if the price were right. Of this total, central banks and the IMF own some 35,000 tonnes. This is equal to 35 years' annual free world mine production and worth around \$690bn at today's

Aside from the amount of gold that has been stockpiled or hoarded, the other key factor in any analysis of future gold supply is the size of the gold reserves in the ground. This is complicated by the fact that relatively little is known about the extent of the Soviet and Chinese underground reserves.

The U.S. Bureau of Mines has put the world resources of gold at 19bn ounces, of which South Africa has roughly half. The South African Minerals



Africa's gold reserves amount to 16,500 tonnes, around the same order of magnitude as that of the U.S. Bureau of Mines.

These estimates are conservative and much depends on the price of gold and its relationship to mining costs. At certain price levels even the lowest grade ore can be exploited, which will greatly increase

At the moment South African production is expected to creep up from its current level of around 700 tonnes per annum to around 750 tonnes by 1985, according to the South African Chamber of Mines. By contrast, Dr. Dirk Neethling of the South African Department of Mineral and Energy Affairs, recently forecast that output will drop to 676 tonnes by 1985.

Beyond 1985 there is an even greater divergence of opinion about the gold supply of the world's biggest producer. Under Chamber of Mines recently forecast that South African gold output would stay at current levels until 1987 and after that would fall away to 350 tonnes per annum by the end of the century—half of current output levels.

Clearly, any analysis of South Africa's future supply potential depends very much on one's assumptions about future price levels and even then there is

which has at times been a very

through the Zurich market.

In a recent bulletin the Champroducer (but not need to be of Mines analysed how supplier), for the for date it indexed the gold price, gold production, the grade of mined and the tonnes

Over the period the gold price has more than quadrupled, but output has dropped by about 25 per cent and the formes of rock milled have increased by 16 per cent.

As prices rise the industry mines lower grade ore. Over the eight-year period the average grade of ore mined has fallen by 40 per cent to 8.22

Another factor which complicates the supply equation is the soaring cost of establishing a new mine. Companies have to decide whether the capital operating costs are going to rise faster than the price of gold. Construction of Elandsrand,

was started in 1975 and cost around \$240m by the time the first bar of gold was produced. When it reaches its milling level total cost will have risen to around \$340m. At current prices a similar mine, if built today would cost around \$550m.

higher gold prices had affected future it will be interesting to production over the last few see how the higher gold prices. of the world.

tonnes per amenum. As it becomes obliged to import more oil during the 1980s the Soviet Union may decide to increase

China is another intriguing area of potential gold supply, about which little is known Mr. Michael Beckett, an executive director of Consolidated Geld Fields, recently estimated at a Canadian conference that China, was producing between 30 and

on closer inspection the analysis supply estimates radically as they have had to do with Brazil, which is now producing two Zimbabwe is another ar

which could possibly expand its' gold supply. According to the U.S. Bureau of Mines, it has gold reserves of 15m troy

William Hall

# Appeal of futures market firmly established

a spot purchase involves the immediate outlay of the full Zurich, while the Soviet Union, price of the metal, together with storage and insurance charges over the period for which the gold is held, the cost to the futures investor is confined to the margin together with a small turnround commis-

It is thus not surprising that the futures market for gold in the United States has blossomed since its inception at the end of 1974, when it became legal for

American citizens to own gold. The United States is in fact the main centre for gold futures trading, though futures contracts may also be purchased on the Winnipeg Exchange as well as in Singapore and Sydney (where trading is restricted to Australian citizens). Hong Kong announced plans early

of a gold futures contract in the colony, and plans for such a venture have also been discussed in London, As with other commodity

markets, the gold futures market fulfills a useful function for producers and users of physical metal. Jewellers, for example, can hedge against a future rise in the price of bullion by buying forward, while producers can hedge against price falls by selling future output forward.

#### Guarantee

In this connection it is inter-esting to note that South Africa has recently agreed to allow mining companies to hedge on the bullion futures market. This would not affect the sale of the country's physical gold production, which is handled by the South African central bank, but it would allow companies with high mining costs to lock into a price level high enough to guarantee a profit on produc-tion that would otherwise be marginal.

The main players on the futures markets remain, however, investors who attempt to make a turn out of price movements in the metal without actually owning any of it themselves. It has been estimated that perhaps only about 3 per cent of gold futures contracts actually lead to physical deli-very of the metal at maturity.

As might he expected with a commodity as volatile in price as gold, the profits that can be made on the futures market are enormous. So, of course, are the pitfalls, and it could well be argued that the separation of the tutures and physical market is an additional risk for futures investors in the gold

While the major centre for futures trading is in North Amorica, the physical market is

GOLD FUTURES provide heavily concentrated in Europe, some Swiss bankers have tradit to a record 3.5m contracts. In investors with a low-cost means. The world's largest producer tionally been inclined to scoff at the first half of this year volume of investing in bullion. Whereas South Africa, sells its bullion those who "trade bits of paper" dipped as a result of the slide. mainly through London and on the futures markets.

> the futures markets, and despite weeks volume should picture the pitfalls it is quite clear that again in the second half major seller, sells basically these markets are now very well This gives banks in these established. centres a much more complete

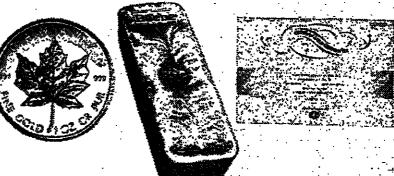
Turnover on the International the Chicago Board of Trade, the Metal Market, for example, New York Comex and the New Which was only 406,968 con-York Mercantile Exchange. picture of the actual supply/ demand position in the physical market than is normally availtracts in the first full year of able to an investor on the other side of the Atlantic. Indeed, trading in 1975, rose last year

in the bullion price, but official expect that with the renews been known to participate in firmness of the metal in recent weeks volume should pick up Other exchanges in the U.S. which handle gold futures xie

Peter Montagnon



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# Debate over monetary role

sen officially removed from the entre of the international mately, under the boards, ather like the ghost of Hamlet's ather—the spirit lingers on. It certainly ironic that two important initiatives aimed at years. ringing more order to interiational monetary arrangements

European Monetary n (EMS) and the Interistional Monetary Fund's plans or a substitution account oth involved a key role for the ellow metal.

The EMS was set up in darch last year of promote a ip to now anyway, has met with striking success. Many of he technical aspects of the rhange rate mechanism were a fact little different from ose of its forerumner, the gropean "snake." The scheme however, contain the mportant innovation of allow-REC member countries, ider certain conditions, to obolise part of their gold serves, providing a dramatic cample of how the metal can provide a monetary crutch c countries in balance of payents difficulties.

substitution account The substitution account direct to boost the importance n world reserves of the Special wing Rights (SDR) by allowis central banks to exchange wanted dollars for assets ued by the International imetary Fund (IMF) and de-iminated in its composite curency unit. The idea, which is been touted around the in-inational Finance Ministers ircuit for a number of years, aceived a setback at the IMF sting in Hamburg in April men it was decided to put the

heme on ice.
Even though the international minumity has decided — for he moment at least — that it es not want to put the plan ito operation, the IMF propois to use gold to help support substitution account were portant for two reasons. First, they portrayed a change the official attitude towards eld. Along with nearly every-

ises that the enormous price urge during the past 18 months as greatly increased the use to hich existing monetary stocks hich existing another put to "stabilisation"

Second, just like implement-tion of the EMS, the IMF's roposals have had important and on the gold market. Canadian Maple Leafs) do not ecause more gold looks likely have to pay VAT. Investors

d silve

sthatd

ortune.

to be tied up in schemes which loans to poorer countries. far between allow reserves to be effectively Either way the gold market has The goldmobilised without being physic- reacted to the lack of any firm nonetary stage. Yet i the wings ally sold, the market has or perhaps, more appro- adjusted itself to the likelihood that gold sales, either by the IMF or by the central banks themselves, will be fairly restrained over the next few

#### Envisaged

The gold link in the substitution account arose because the Fund needed to cover the exchange rate risk that would inevitably accuse from the operation. envisaged that the Fund would farch last year of promote a take in dollars (which were to ampean zone of exchange be invested in U.S. Treasury ate stability—an aim which, bills) in exchange for liabilities denominated in SDRs. This gave rise to worries that the Fund could make losses as a result of mis-matching assets and liabili-

> The proposal put forward by the IMF staff was to earmark part of the Fund's stocks of gold to cover a portion of any potential losses. (It was disagreement on the extent to which the U.S. should cover the rest of any possible losses that led to the downfall of the plan at the Hamburg meeting.

> In May the IMF completed a four-year programme of gold sales whose proceeds were devoted to balance of payments help for needy countries. As part of a package deal to win the developing countries' support for the substitution account, the IMF proposed in Hamburg that the sales be continued this year and next. But

ing stocks of gold. Apart from their possible employment in a modified ver-sion of the substitution account, they may be used to finance which has been one reason why interest rate subsidies for IMF

the deal fell apart; now there

is uncertainty about what will

happen to the Fund's remain-

sales plans by marking up the price.

Gold has had an even more direct effect on the market as a result of its use within the EMS. The metal's importance in the scheme derives from its role in helping to back up the European Currency Units (ECUs) which now form a substantial part of member countries' convertible currency reserves. Under the rules setting up the system, which were finally agreed at the EEC summit in Brussels in December. 1978, ECUs are distributed among member central banks to provide a means of settling intervention debts and carrying other official transactions. Central banks obtain their ECU

holdings in exchange for depositing 20 per cent of their gold and dollar reserves in a central pool at the European Monetary Co-operation Fund.

The swapping of 20 per cent
of dollar reserves for the new currency units—a composite
"cocktail" based on an amalgam
of EEC currencies—amounted to no more than the exchange of one convertible currency asset for another. It had no net effect

on EEC central banks' liquidity. on EEC central banks' liquidity.
But the role of gold in the arrangement was another matter altogether. It significantly increased the usability of the EEC's reserve holdings.

Previously, gold in the vaults of EEC central banks played only a passive role. After all, gold might have a certain value according to the international market price—but obtaining that price was not so simple. Gold sales by central banks would tend to depress the price and might also be interpreted politically both at home and abroad as a sign of weakness-

The gold-into-ECUs arrangement has, however, provided a massive increase in the gold It was hardly surprising that the central banks with a pain-

less way of mobilising their gold

holdings without the need to

sell any of their stocks-or

transactions to the public at

large who, not suprisingly, fail to attach much significance to

The price at which gold stocks are exchanged for ECUs

has obviously been of crucial

importance. Before the setting up of the EMS, the West German

Bundesbank and other central banks which had traditionally

been "neutral" on the mone-tary role of gold had originally

favoured a formula based on a

discount from the market price.

This was in line with previous

procedures where gold had been

used as collateral for foreign

loans by Italy and Portugal. But the view of the French Government — that the price

should be even more in line with market levels-won the

As a result the formula

adopted since the EMS's inception is for the gold used in the

ECU swap to be revalued every

three months at the average of

the market price during the

preceding six months, or the price on the penultimate day, whichever is the lower.

The 200 per cent rise in the gold

price since the beginning of

1979 has thus had an enormous

impact on the usable liquidity

Bremen in June 1978, a figure

Common Market control

fluctuations in ECU holdings.

even

to communicate such

this back-door remonetisation of the metal should have attracted some criticism from the "de-monetisers" in the U.S. Treasury when the scheme was first put into place. One reason why such misgivings have not been made more public is perhaps because, of the important gold-owning countries in the EEC, only Belgium has up to now made much use of its ECU holdings to finance intervention on the exchange markets. If France or Italy (whose currencies up to now have been stable within the EMS) were to resort in a big way to their gold-backed cur-rency units in order to shore up the franc or the lira, there might be more complaints from the de-monetisation camp.

#### Doubts

Already, however, some central bankers within the EEC predictably those who do not consider that support for their currencies will be a priority over the next 12 months have voiced doubts about the automatic way in which a rise in the gold price leads to a rise in central bank liquidity. Both the Germans and the Dutch believe that the gold link might encourage some countries whose currencies come under pressure to postpone devaluaor other adjustment

The desire of Germany's When the technical arrangements for the EMS were first discussed at the EEC summit in Bundesbank in particular for a modification of the gold valuaformula will, of \$25bn was advanced for the creation of ECUs from the exchange of 20 per cent of member countries gold and dollar reserves. In fact, total probably have to wait until the EMS proceeds to its muchvaunted second stage. This is the setting up of a European Monetary Fund as a fully fledged "European central fledged "European central bank" to administer, among other things, the partial pooling

But it has already become clear that the establishment of the EMF—and with it the chance to reform the gold formula—will delayed until well beyond the original target date of March next year. Meanwhile most central banks in the EEC— perhaps even the stability-Germans—will hardly be shedding too many tears over the greatly increased value of their bullion holdings. If paper money goes on depreciat-ing, at least Western central bankers can seek solace in their inflation-indexed gold reserves.

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who buy gold bars are not so lucky.

low-priced to appeal to the man in the street. Sovereigns, for instance, which contain a quarter of an ounce troy of gold, have been trading recently at around £65-£70, though it is perhaps ironic to note that the sharp rise in the bullion price early this year, which drew tions, now seems to have left have been disappointing. even a single one oun rand beyond the reach of many

The high price of the coin, in fact, was partly blamed for the 50 per cent fall in krugerrand sales to 1.14m coins over the first six months of this year, though the South African Government has shown its determination to satisfy the small man's appetite by announcing plans to mint one tenth, quarter and half ounce krugerrands.

South Africa is easily the world's largest producer of gold coins, though other countries, notably the UK, Canada and Mexico, are demonstrating a lively interest in this market. In 1979, for example, the volume of gold used in official South African coins fell from its 1978 peak of 193.6 tonnes to 145.4 tonnes. Over the same period the UK increased its output from 49.1 tonnes to 57.8 tonnes, Mexico doubled its production to 45.6 tonnes and Canada turned out 35.0 tonnes. Canada turned out 35.0 tonnes, this context simply acts as the substantially more than the 4.6 manufacturer and is paid an tonnes in 1978. The sovereign, the Mexican gold peso and Canadian Maple Leaf are by no means letting krugerrands have it all their own way.

#### Marketing

The krugerrand has its origins in the attempts to de-monetise gold from the time of the Bretton Woods Agreement in 1944. These encouraged the Chamber of Mines of South Africa, which represents the collective interests of the country's mining industry, to find new ways of marketing gold in a form which once sold would keep the metal off the market.

The first step, although not so recognised at the time, was the striking of 7,000 one ounce medallions which were sold by the South African Mint. The concept of the one ounce coin initially called the Trojan to emphasise that it contained one troy ounce of gold—did not surface until 1964 and the "krugerrand," a name derived to replace the unsatisfactory Trojan," was finally born in this country there is also a 1966. The coins struck between great deal of ignorance about 1966. The coins struck between 1967 and 1969 were proof-like, high quality coins sold at high prices to coin collectors, but in stocks and shares are thought the wake of disappointing sales to be 'safe." the decision was taken in 1970 to mint larger quantities of Potts, the gold analyst at Con-non-numismatic items, available solidated Gold Fields, "the to the wider public at a small

sales figures. In 1970 total other hand the excitement of krugerrand sales amounted to the gold market has both 211,018 climbing steadily from awakened investment interest then on to 4.8m in 1975. In in the metal and increased 1976 and 1977, as the world governments' awareness that recovered from the traumas of gold coins can provide a useful recession, the figures slipped back before reaching a peak 6m in 1978. The 4.94m coins

sold last year reflects the lower proportion of South Africa's gold output which went into coin manufacture.

The major krugerrand markets recently have been the U.S. Germany-the surged in sales towards the end of last year was largely attributable to the West German Government's -announcement that VAT would be payable there on krugerrand transactions in 1980, another the metal's investment attrac-

> production includes 51 metric tonnes used to strike ordinary sovereigos (known as "lizzies" and a further seven tonnes used for "proof" sovereigns. The limited issue of 50,000 1979 "proof" sovereigns were quickly swallowed up by eager investors and numismatists and the 1980 issue of 100,000 coins currently doing well. The market in some numismatic coins, which obviously tend to command a premium over the value of their intrinsic gold con tent, can be thin, but as a rule prices are less volatile than those of the mass-produced

#### Manufacturer

UK sovereigns are struck by the Royal Mint at its premises in Llantrisant, South Wales, with gold provided from the UK's reserves by the Bank of England. Rhe Royal Mint in undisclosed fee for its services.

The Bank of England, mean-

while, distributes the through the London bullion houses, hiuses, taking a premium above the gold price houses, hiuses, which covers its costs and provides a profit. Gold, meanwhile, is purchased in the open market so that at the end the day there is no net diminution of the reserves. Sales figures (as opposed to production figures) are not available but it is known that the Bank of England would like to reduce the premium charged on the coins, currently about 8-9 per cent, to bring it more into line with the 3-5 per cent premium of krugerrands.

Gold hoarding in the UK, however, is anyway not as strong as it is elsewhere in the world, according to Mr. Michael Marsh dealers Johnson Matthey. "In Continental countries, where there is a history of invasions and incursions, people are quite used to stuffing coins and gold bars under their mattress. In commodities, which are considered 'speculative.'

According to Mr. David higher gold prices experienced so far this year make it The success of the krugerrand unlikely that world coin promarketing effort over the last duction will exceed the total ten years is evindent in the recorded for 1979." On the

source of extra revenue.

Tim Dickson

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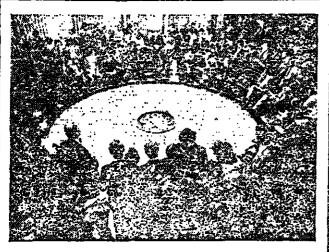


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# Trading goes on round the clock

centration of funds is seeking sense of the word. opportunities for investment. London, Zurich and Hong Kong when, with the first crumbling

that discrete centre is growing steadily more obsolete. In the course of the past decade the gold market has become an increasingly global affair. The major trading houses are now equipped to follow the market around the world on a 24-hour basis. The increasing prominence of gold as an investment for troubled times has also encouraged trading to develop in places like. Tokyo, Singapore and Frankfurt, where wealth is very much in evidence but where there was. until recently, no tradition of gold trading.

duced into the system. Lon- in 1954. don's position in the market is Then, don's position in the market is

don's position in the market is

Then, in 1968, when the gold
due to its traditions as a market in London was closed
handling centre for South with the collapse of the gold
African gold, Indeed in the
days when London was the
centre of the world's monetary
system and when gold was the
basis of that system, handling trading centre in the world

around the world have little bullion firms had to do. The obvious reason for their pre- price was an immovable eminence beyond the fact that function of the Gold Standard, they tend to coincide with so there was no need for a financial centres where a con- market in the price-making Between the years 1919-

meet this criterion: the most of the gold standard, it became obvious absentee is New York, necessary to establish a "best which has only recently begun price" for South African gold to emerge as a trading centre —and 1968, when the last-ditch attempt to hold to an official Yet the presumption that price collapsed, there was no gold must be traded in this or rival to the London market. This was not only because all South African gold passed through London, but also because it was in London that the Western central banks, operating in the closing stages through the gold pool, tried to sustain the official price.

#### **Overwhelmed**

Zurich's rise relative to London reflected the way in which these official market participants, who dominated the working of the London market, were overwhelmed by the pressures of speculation by the investors who dominated the In terms of the primary one in Zurich. It was partly supply of gold it is only really because of the speculative London and Zurich which have pressure expressed through established themselves as key Zurich that the London gold centres where new gold is intro-market was prompted to re-open

basis of that system, handling trading centre in the world.

formed the Zurich gold pool.

South African gold output in their direction. In 1969 they won the right to handle the whole of the South African output by bravely offering to take all that country's new gold at what were, at times, premium prices. This investment paid off, partly because South Africa was peeved by the UK's antiapartheid stance

has added to the supply of

primary gold to Zurich, selling a large part of its variable annual output through the Zurich-based Wozchod Handelsbank. But in recent years it seems that Zurich's position as the focus of the supply of new gold has been somewhat diminished; first because South Africa has diverted a small proportion of its annual sale back to London — some observers say about 20 per cent and some more to New York
—and secondly because there is
a suspicion that the Soviet Union is now selling through other outlets, including direct placement with Arab investors. Swiss bankers are reputed, nevertheless, to play an impor-tant part in selling Soviet gold, even though these sales may no longer be exclusively through the now much-publicesd Woz-

Both the Zurich and London markets produce prices which have become established as

price. The difference between By adopting a united front these two reference prices re-

they were able to swing the flects the difference in character of the two markets. The five members of the London gold market act chiefly as agents rather than principals. The fixing represents the price at which a put-through from many sellers to many buyers is arranged twice daily. It is therefore a price at which a transaction has taken place. The Zurich gold pool price-in con-Since 1972 the Soviet Union

> the biggest collective dealer in the gold business—the com-bined power of the big three Swiss banks. Hong Kong has emerged as the major market in the East largely because it is the centre through which East Asian countries match their surplus supplies and demands and channel their overall surpluses or remarket. Hong Kong already has three markets and is about to get a fourth. The longest established

gold in tacks (the Chinese measurement of weight) and in Hong Kong dollars. This is essentially a spot market, al-

During the two-week closure of ness every day. In London this though positions can be carried. New York's development at London the big three Swiss the twice daily "fixing," while forward indefinitely on a day a gold trading contract began banks seized the initiative and in Zurich there is the pool to-day basis on the payment of only in 1974 when U.S. chizen

spot market for gold, priced as centres were established for deliverey in London, but Chicago and New York.

shoot of the New York Commodifies Exchange gold futures market. This is an out-of-hours trast—is a market quotation with a spread between the bid market run informally by some and the offer prices, whose sigof the big commodity trading houses which trade on the New nificance is that it is made by York Comex but which have operations in Hong Kong.

#### Newcomer

The newcomer, which will open shortly, is the Hong Kong Commodity Exchange's contro-versial gold futures market. The Government of Hong Kong is behind the scheme—hoping that it will reinforce Hong Kong's attraction as a financial centrebut there has been strong oppo-sition from the Chinese Gold and Silver Exchange. The new market will be modelled closely market is the Chinese Gold and on the system used in New York and will probably trade in U.S. dollars to heighten its Silver Exchange which trades attractions for the gold trading

a premium. This makes it a were given the right to hold the de facto futures market as well. metal. It was characteristically The second market is the American to view gold as a "loco London" market. This commodity and equally charge is the market which reflects the teristic to set up a future global spread of the world's market in that commodity. The main bullion dealers. It is a main U.S. futures hading trading eight hours ahead of the last three years of violent the London opening movements in the gold or the U.S. futures market begin is the "local Comex"—an off- to exert a very visible influence on the spot price. This hasten the moves of the Enropego dealers to establish New York operations and has also pro-vided the impetus behind plans to open a futurës market in

> The rise of the New York futures market has readed a need for a parallel New York market for "loco London" gold in rather the same way that this exists in Hong Kong R has emerged with increasing strength in the last 18 months. Republic National Bank, Aron Republic National Rank Afon and Phillipp Brothers are major U.S. participants, with Morgan Guaranty and Citibank also showing signs of greater involvement. Four of the five members of the London gold market are also present in New York to participate.

> > Nicholas Colchester

# Trade demand cut by high price

IF YOU WANT to keep your dentist happy-and who doesn't? -don't regale him with an rands have gone up in value. Above all, if gold fillings are mentioned, don't make dippant remarks about "putting your money where your muth is." He will not be amused.

While last year's advance in the price of gold fully justified the actions of those investors who bought bullion as a hedge against the falling value of currency and the general economic and political uncertainties, which still prevail, it made life increasingly difficult for those who have to buy the metal for

These industrial uses of gold account for a larger proportion than you may think of the total supply. In 1978 the supplies of gold to the non-communist world amounted to some 1,752 tonnes. What may be described as investment demand absorbed less than half this total.

The larger share, of about 1.258 tonnes, was taken up by jewellery (1.007 tonnes), electronics (86 tonnes), dentistry (89 tonnes) and "other industrial-decorative uses "

This adds up to a big market, especially in terms of the rise in the price of the metal; for last year, Gold 1980 put the total Western supply a little higher at 1.765 tonnes, of which the non-investment sector took a smaller 992 tonnes.

The fall occurred almost entirely in the carat jewellery trade, which absorbed only 737 tunnes. Price resistance hit the High Street jewellers. Furthermore, Potts reckons that this year the jewellery share of the offtake could fall even further to around only 400 tonnes.

But he is talking about "new" gold. In Hatton Garden they will explain that this is distinct from the supplies arising from meited-down scrap which reach the jewellery trade. Nobody knows, or will say, just how large a portion of the total gold supply to the manufacturing industry is made up of this recycled metal.

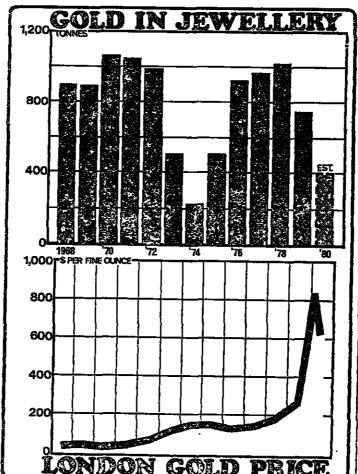
#### Estimated

But it has been estimated that world-wide sales of gold from existing stocks of bullion and jewellery came to around 150 tonnes in the first three much as sales of the metal to months of this year.

It has always been around, of course, but in past years it has made a relatively small contribution to the total supply. The big change came last year when soaring prices of gold and silver led to queues of sellers outside the offices of precious buoyant, gold jewellery sales in metal refiners, Johnson Matthey, the High Streets have been helped by the fact that a fair

to melt down and refine this weight of metal which is "old" 'scrap" gold.

Just how much has the of the fall proved to be short- it gold jewellery trade suffered? lived.



report a decrease of some 50 per sive, and with the economic cent in the items they have hall-recession the pre-Christmas Assay Office has been working a four-day week since mid-May and there have been redundancies in the Birmingham Assay

The last time high prices hit the demand for gold from jewellery manufacturers was in 1974 when the rise in gold was largely a reflection of the weakness in the American dollar. This time gold has almost all currencies.

manufacturers on a world scale probably averages around 50 per cent. There is little sign of it recovering at the moment. although things are believed to he picking up a little in West Germany.

But world retail sales of gold jewellery have not suffered as the jewellery manufacturers; the decline in hall-marking in Britain covers all precious metals, including silver, which soared even higher in price than gold before crashing back to

eager to exchange old gold helped by the fact that a fair articles and dented silver tea amount of old stocks acquired pots for hard cash. "The last year at lower gold prices Garden" had never seen anytail prices of these items have The refiners worked overtime remained relatively stable.

The full reckoning may be weight of metal which is "old" yet to come, however. Having only in its origins. But it is the benefit of these "old" going into new jewellery and stocks, retailers delayed rethe estimate of only 400 tonnes ordering during the earlier part of "new" gold going into of this year, anticipating that jewellery this year does not the high bullione prices of up include a probably much higher to \$850 per ounce were set for the high prices with the high prices of the second to the high prices of the second to th than usual amount of recycled a sharp fall. They read the market correctly, but the worst

A fair quide comes from the New stocks at the retailers assay offices in the UK which will therefore be more expen-

marked this year. The London trade will prove to be a real testing time. Unless the gold price is about to enter a sharp downtrend, which seems un-likely, it is difficult to be optimistic about trade prospects for the next few months at least.

Future demand by the electronics industry is difficult to assess. Broadly, gold is used for its electrical conductivity and non-corrosive properties in dollar. This time sold has a variety of applications, notably been going up in terms of in switching.

Cheaper alternative materials Thus the world jewellery exist, such as the platinum trade has been hit. The fall in group metal palladium, and it sales of the metal to jewellery seems reasonable to expect seems reasonable to expect some substitution though it is claimed that the amount of gold used on, say, the printed circuit boards of a computer is so small that an increase in the price of gold should not make much difference to the total cost of

#### Reduced

And what of our dentist? Over the years the amount of gold used in dentistry has been reduced where possible, but for most of its dental applications in the non-cosmetic field there is no really satisfactory substitute. Gold teeth, of course, are relatively rare these days.

In Britain at least the National Health Service recognises the importance of gold in dentistry and patients are not penalised for its cost. Private patients will probably have to pay a little more for the gold used but it still forms only a small part of the total treatment costs. The situation may be different in countries like West Germany, for example, which last year used 35 times as much dentistry as did the UK. So, like his patients, our dentist will no doubt be able to grin and bear

> Kenneth Marston Mining Editor

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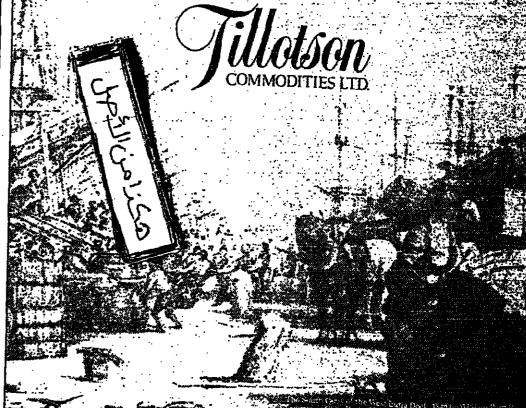
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# Concealed buffer for central banks

the year were the supplier countries and a few quickfooted speculators.

Yet the gains of the punters were trivial in comparison with the book profits of the central banks of the industrial world. The real value of their reserves soared but the extent of the profit was often masked by a policy of valuing gold reserves at a generally unrealistic price. It is most curious that central bankers have agonised for decades over the role to be played by gold in the inter-

national monetary system, and yet have failed to reach a consensus about how the commodity should be valued.

The effect has been to conceal a massive rise in international liquidity and a shift in the weight of reserves away from the developing countries and towards the industrialised nations: The IMF's objective of building up the SDR as a reserve asset at the expense of gold has been largely thwarted by the play of market forces.

close to the old Bretton Woods quarters of the world's gold price of \$35 per ounce. Malta reserves, all but Belgium and values its gold at \$34.99 per the U.S. convert at a price con-

is \$42.22 per ounce, an official rate established after the dollar devaluation of early 1973. The U.S., which despite substantial gold auctions during the past few years, still holds around a quarter of the wt-rld's gold reserves, continues to apply this figure to its holdings. Belgium, with around 4 per cent of reserves, is the other major gold holder to adopt this

The decision by the U.S. to persist with this highly anachronistic price is in part political. Throughout the 1960s it argued strongly for the demonetisation of gold, a position opposed by France in particular, and it has not abandoned this stance. To place a market value on its own gold holdings would be a tacit recognition of the growing importance of the metal in the international monetary system.

#### Conversion

The official price accepted by y the play of market forces. the largest group of countries Since the suspension of is 35 SDRs, though none of the dollar/gold convertibility in central banks employing this 1971 central banks have applied conversion rate counts among a variety of prices to the valua- the major gold holders. Of tion of their gold holdings. A the seven central banks few countries still use a figure which together hold three-

THE MOST publicised bene-ficiaries of the dramatic rise in the gold price at the turn of A much more common price

A much more common price

Siderably in excess of any at a variety of valuations, they official price. These are West conduct transactions in gold at market prices. The U.S., for world reserves). France (10.1 example, has sold gold at mire than 10 times its own book price.

Similarly, when Italy used gold as countered for a \$2bn The percentage figures, supplied by the IMF, are calculated on holdings at the end of September last year.

gold price fluctuates dramatically it would be impractical and even misleading for central banks to value their reserves according to the latest market price. None the less, there is a striking divergence between those countries such as France which revalue their holdings on a regular basis in the light of average market prices and those which like West Germany continually employ an artificial vaiue.

The IMF, which abandoned the idea of an official gold price five years ago, now publishes information on both the level of reserves held by central banks and the methods used to value them. In August of last year. however, the IMF also began to publish figures for "total reserves minus gold," which at least appears to suggest that it is itself unable to determine an

appropriate valuation. The picture is further complicated by the lact that while central banks how their reserves

gold as constern for a \$2bn loan from West German in 1974, the central banks of the two countries agreed on a valuation equivalent to SO per cent There is, however, little of the then market price. The most dramatic recent example ... unanimity among these most dramatic recent example of countries. Clearly, when the such anomalies was the arrangement within the European Monetary system under which EEC countries exchanged 20 per cent of their gold and foreign exchange reserves for holdings of European currency units. This transaction increased the value of EEC reserves by 11on SDR overnight as a result of the necessary gold revalua-

#### Confusing

The pattern of central bank gold valuation is not merely confusing; it also produces a quite unrepresentative picture of the balance of international reserve holdings. IMF figures show that, valuing gold at 35 SDR per ounce, the proportion of world reserves held by the deevloped world dropped from 79.6 per cent to 62.2 per cent between the end of 1969 and September 1979. By contrast, the proportion held by non-oilproducing less developed countries (LDC's) rose smartly from 15.2 to 20.9 per cent.

Applying a market value to gold creates a quite different impression, however. The figure for developed nations falls only slightly to 76.3 per cent while for non-oil LDC's there is a steeper drop to 13.4 per cent. The dramatic rise of the gold price towards the end of last year would of course have exaggerated this trend.

At the same time the rise in the metal's importance in the international reserve structure. has given the impression that represented by gold. Their what an ounce is worth, foreign exchange holdings, particularly dollars, have super-

158-8 US 71-4 W.Germany 61-4 50-0 Italy 49.9 Switzerland ? 32.0 Netherlands: 25-6 Belgiom Japan includes holdings in European Monetary 13-7 Co-operation Fund UK 13-3 **Portugal** FIGURES IN SEN 13-0 Canada Sogres (MP)

GOLD RESERVES-valued at \$600 per ounce

seded gold as the primary com-ponent of world reserves. industrialised nations which have traditionally held a large ponent of world reserves.

Austria

Between 1976 and 1979, howworld reserves was attributable to the rise in the gold price. As a result, gold had by last year re-established its role as the principal reserve asset, accounting for 56 per cent of the total value of world reserves would clearly be of no direct benefit to developing

They have been obliged to fund substantial balance of payments deficits, created principally by the gold price has reasserted the rise in oil prices, at a time when the value of their own

portion of their reserves in the metal. The resulting liquidity ever, nearly 80 per cent of the metal. The resulting liquidity growth in the real value of has, therefore, flowed not world reserves was attributable towards the non-oil-producing

direct benefit to developing Not surprisingly, this situa-tion is a source of bitterness among developing countries. array among individual memarray among individual members of the IMF. Yet the surge in the gold price has once again forced monetary authorities to consider the role played by the metal in their affairs. It is hard international reserve structure. reserves has been increasing to imagine that much progress trade over the past 20 years, nations have used the oil role for it until central bankers when compared with the much slower growth in gold reserves, by sold the post to be made on allocating a receipts in part to boost the prosecution of their own reserves mon formula for establishing portion of their own reserves mon formula for establishing what an ounce is worth. to imagine that much progress

John Makinson

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# Mining shares prove good investments

HAVE YOU made your fortune in gold, or gold shares? Maybe not, but if you held either type of investment from the beginning of last year until, say, the earlier part of this July you must have done very nicely

Of course, there will have been others who have done even better—there always are but let us look at three categories of gold investment: the metal itself, shares of the Australian and Canadian mines and shares of the South African mines. Then we might take a stab at picking the best course to follow now.

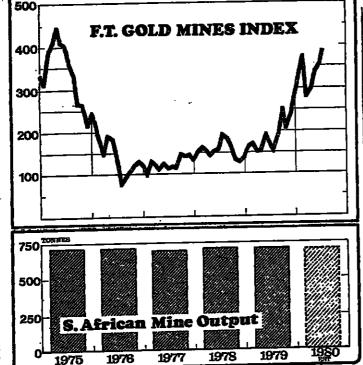
If you had plumped for the metal, the price at the beginning of 1979 was \$225 per troy ounce. It was around \$680 in the earlier part of this month, thus showing an increase of just over 200 per cent.

Inevitably, the performances of individual South African gold shares varied over the same period, but taking the FT Gold Mines index as a broad of the state of the same period. guide we find that it rose from 138 (in the days when the investment dollar premium applied to UK investors) to 374. Thus there was a gain of only" 171 per cent.

### Generous

But, unlike gold bars, gold

consider that UK shareholders consider that UK shareholders had to face the loss of the investment premium in share prices when exchange controls were lifted in October last year. Then, too, there was the fact that part of the benefits of high gold prices on mine controls.



of a company's profits. Above all, the share market had to live with the ever-present African political risk and there were tremors in share prices towards the end of the Rhodesian war and, more recently, after the bomb attacks on South African oil installations.

What of the non-South African gold shares? Those in have done well, of course, with Agnico-Eagle, for example, advancing from C\$6 to over C\$15 per share. But the most striking performance of all has been achieved by the handful of Australian gold shares, the number of which has now been swelled by the usual crop of gold exploration hopefuls.

longer-established which, in South Africa, are geared to a sliding-scale formula of Kalgoorlie shares rose some which can take over 70 per cent seven times in value during the

while Poseidon, the " nickel emerged from the depths with a gold-inspired price rise of some 450 per cent.

What do we do now? Unless we expect a fresh rise in the price of gold, we sell all the bullion and shares and reinvest the proceeds elsewhere. There are, however, good grounds for expecting that gold will go higher but there is no means of telling bow far the movement

#### Minuscule

What is certain is that the price will have to stage a sizeable advance in order to justify the present inflated prices of the Canadian and, more especially, the Australian gold shares which are on a minuscule yield basis. Because minuscule yield basis. Because a profit does not really exist until it is taken, it might now be prudent to realise a proportion of the big capital appreciation that is waiting to be realised on these shares.

South African gold shares, on the other hand, are giving dividend yields of up to about 20 per cent at current pricesand much more if the current payments are applied to the share prices of 18 months ago -while the industry is still increasing its distributions.

But the spectre of further political and social unrest in Africa remains and for this reason some profit-taking seems to be indicated. Many holders will find themselves in the position whereby the sale of part of a holding will more than recoup the original capital outlay and still leave them with continuing good dividend income on shares that have, in effect, cost

If those investors, wary of South African politics, are reluctant to reduce their exposure to gold, a neat compromise would be to reinvest part of the ghore sale process. part of the share sale proceeds in bullion. This way they would be protected to a large extent from any guerrilla action designed to damage the mines because while it would hit share prices it would also boost the

price of the metal. Kenneth Marston

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shares usually pay dividends and in the case of the South African issues, very generous dividends. If you take these dividends into account quite a few holders of gold shares will have done better than if they had bought bullion.
This is remarkable when you

were offset by the industry's trend towards the mining of the less profitable lower grade ore. Sharply higher mine tax charges had to be countenanced which in South Africa an ine-fold advance in the child in South Africa an ine-fold advance in the child in South Africa are gold prices on mine earnings

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# Continued tightness of money affects Gilt-edged but equity leaders advance with GEC and Thorn in van

the price touched 358p on them

before closing at 353p with a

rise of 3 on the day. Midland

ended a couple of pence off at 333p, after 336p, while Barclays

hardened 2 to 390p, after 392p.

Elsewhere, the static interim

Grindlays a few pence lower at 135p. Discounts moved higher

on hopes of a reduction in Minimum Lending Rate to-morrow: Union rose 10 to 515p

and Allen Harvey and Ross put

on 5 to 425p. Manson Finance edged forward 2 to 44p in

response to the higher profits in

merchant Banks where improve-

ments of 5 were seen in Leopold

Joseph, 185p, and Schroders.

320p. Cheaper money hopes also inspired Hire Purchases. FNFC

continued firmly at 27½p, up 1½, while UDT added 2 to 69p as

did Provident Financial, to 147p.

Closing gains in Insurances ranged to 10. General Accident

advanced that much to 324p, while GRE, 328p, and Sun Alliance, 720p, appreciated 6

Scattered firm spots appeared

in Buildings, BPB adding 6 to a 1980 peak of 249p and Tarmac

improving 5 more to 265p. Taylor Woodrow touched 466p

before closing just a penny harder at 461p; the interim re-sults are due next week. Else-

where, Newarthill rose 7 more to 285p in a thin market, while

performance

Dealings tions Dealings Day formances of Midland and July 14 July 25 Aug. 4 Lloyds. Properties were another July 28 Aug. 7 Aug. 8 Aug. 18 of the brighter sectors with Aug. 11 Aug. 28 Aug. 29 Sept. 8 buyers still clinging to hopes of

Chancellor's cautious optimism about money supply being under control gave no support to Gilt-edged yesterday. The market was primarily suffer-ing from stock indigestion after the recent excessive investment demand and also from the effects of the upward pressure on short-term interest rates, the latter resulting in a continuation yesterday of extremely tight conditions in money markets. Over the next three weeks, calls amounting to £1.5bn fall due on existing partly-paid Government stocks.

Equity markets, in contrast, had a better session. Renewed institutional buying of electrical leaders and a few other top-name shares prompted early firmness and market confidence also benefited from an extended recovery in secondary North Sea oils. Professional operators running bear positions soon showed ome anxiety and the closing of their commitments gave the advance added impetus.

Later trade was disappointing. but particular interest continued to be shown in Electricals and NatWest's half-term to Midland's poor results last

**EQUITY GROUPS** 

relief after the recent drab performances of Midland and cheaper money soon, while Laundries and Dry-cleaning shares also claimed attention.

Double-figure rises in GEC and Thorn EMI were exceptional gains in other constituents of the FT Industrial Ordinary share index, finally up 3.8 at the day's best of 487.9, were limited to

Falls ranging to a point and sometimes more among longer-Government securities were indicative of fairly weighty selling, some of it forced. But the downturn was aggravated by price mark-downs, while foreign buyers were extremely cautious following sterling's easier trend yesterday,

Lourho continued to dominate Traded options, contributing 369 deals to the total of 912, GEC also attracted a useful business, recording 133 trades.

#### Natwest below best

Having come back 25 in the seven trading days since Lloyds made a disappointing start to interim NatWest steadied yesterday following the slightly higher profits which were first-balf deemed satisfactory in relation

February

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries

and the Faculty of Actuaries

Tues., July 29, 1980

and **John Finlan** hardened a couple of pence to 71p. Among LONDON TRADED OPTIONS Timbers, Mallinson-Denny, sub-' dawn raid " last week, put on 2 to 70p Vol. Although business in ICI was

151p 324p

67p

478p

slack, the price improved 4 to 374p. Other Chemicals also finished firmer for choice, Allied Colloids gaining the turn to 103p and International Paint rising 3 to 75p.

#### Vantona disappoint

An outstanding dull spot among Stores was provided by Vantona which fell 9 to 89p in response to sharply lower first-half profits and the cautious accompanying statement. Awaiting news from the annual meet-W. L. Pawson eased a couple of pence to 37p, but a broker's recommendation lifted MFI 3 to 48p. Mail-orders took on a firmer stance with Freemans adding 4 to 128p and 68p respec-tively, while Empire hardened 2 at 170p. Continued interest was noted in Lee Cooper, up 4 more at 124p, while Wearwell firmed 14 to 554p. Leading issues re-mained quiet. Mothercare, 240p, FT-ACTUARIES SHARE INDICES

32.80

12.70

12.61

12.96 13.97

1284

10,91

Mon. July 21

Wed, July 23

13.25 50.94 50.94 60.94 51.28 51.28 51.23 51.19 50.93

12.62 12.55

12.49

12.76

12.92

12,72

54.46 54.38 58.21

10.86 10.73

**32.40** 

12 34

12.28

1265

12.65

1265

Lonrho.

Electricals became a particu-

larly good market on renewed investment buying which prompted double-figure gains in places. Thorn EMI stood out with a rise of 12 to 342p, while GEC added 10 to 478p and Racal 9 to 270p Further speculative support lafted Air Call 10 to 220p, while MK added a similar amount to 218p. Electrocom-ponents put on 8 to 640p and Muirhead added 7 to 119p. Standard Telephones closed only a couple of pence dearer at 400p following a Press report that the group is considering the possibility of acquiring a stake in Inmos, the National Enterprise Board's microchip subsidiary.

which shed 4 more to 129p on which shed 4 more to 1.59 but the success in its offer for Rolls-Royce. Engineering Leaders closed quietly firm. Bawker added 4 to 230p, while Tubes, 268p, and John Brown, 604p, hardened around 2 spiece. Elsewhere Access Access 2 20 275 where, Acrow A rose 3 to 37p in response to news of the main-tained dividend which outtained dividend which out-weighed the sharp contraction in profits. Prestwich Parker put on 5 to 42p, while similar gains were seen in Adwest, 174p, APV, 200p. Vosper, 170p. Hampson hardened a penny more to 11p on further consideration of the good results and proposed 10

With the exception of Vickers,

per cent scrip-issue. Foods had J. Sainsbury 5 igher at 435p and Associated at 200p; the latter's preliminary results are due towards the end of August. Unigate improved 3 to 128p and Rowntree Mackintosh picked up 2 to 150p.

Ladbroke, up 4 at 167p, provided the only noteworthy movement in Hotels and Caterers.

#### Bath & Portland fall

Bath and Portland became a notable casualty in miscellaneous industrials, falling 7 to 33p on the announcement that the interim results would be delayed because of escalating problems over a contract undertaken by a subsidiary in Iran. Profittaking in the absence of bid developments clipped 5 from Feedex to 41p, but renewed speculative buying on hopes of a bid from Consolidated Gold- to 695p, but drifted off to close fields left English China Clays 10 up on balance at 685p, but Brady Industries A added 3 to 444p and Berkeley Exploration

Stock

Lonrho 'New' ... Nil/pd. 8

Thorn EMI ...... 25p Shell Transport... 25p

First Nat. Fin'ce 10p

BAT Inds. ...... 25p

Last

Share Information Service

RECENT ISSUES

High | Low

Deal- Declara- Settle-

.....

Grand Met. .....

Imperial Group... NatWest Bank ... £1
Racal Electronics 25p
Reed Intl. ...... £1

BP

First

Denomina- of

profits, although below some Friday; a shade harder impress comment. A rare bright 42p following the doubled one of 8 at 188p. Tricentrol analysts' projections, came as a mediately in front of the figures, counter materialised in House of annual profits, while Hollis Bros touched 342p before closing a Fraser, 5 better at 141p on re- and E.S.A. edged forward a net 4 up at 338p, while Ultramar vived hopes of a bid from couple of pence to 34p on an improved 6 to 344p. Candecca investment recommendation. also gained 6, to 188p, while Laundry and dry cleaning Humbly Grove partner Carless

vices, 181p, and Johnson Group. tween 11 and 16 were seen in after 414p. 515p, Diploma Investments Hoover A, 177p, Ricardo, 430p, and Sothebys, 425p, while Royal Worcester were also favoured and 9 up at 302p, after 308p. Following details of the agreed increased bid terms of 187p per share from Allegheney Ludlum. dealings in Wilkinson Match were resumed and the close was 180p compared with the 160p suspension level. Reed Inter-national touched 189p before closing a net penny better at 194p following satisfactory half-yearly figures from its subsidiary Reed Paper and in front

Glaxo rose 4 to 225p. A dull market since the recently-announced annual results, Dowly attracted support and railied 7 to 226p. Lucas added a penny to 209p, but Flight Refuelling encountered increased profit-taking and shed 3 for a two-day fall of 13 at 270p. Properties met renewed sup-

of today's first-quarter figures.

Metal Box put on 6 to 290p and

port on fresh hopes of a cut in interest rates in the near future. Among the leaders, Land Securities rose 6 to 368p and MEPC 3 to 231p. Great Portland Estates added 6 to 270p, while Peachey Dairies a couple of pence firmer and Haslemere Estates firmed 4 apiece to 160p and 350p respecened 3 to 443p awaiting today's preliminary results. Elsewhere, Rush and Tompkins put on 4 to 212p and North British Properties 3 to 160p, while fresh support left Laing Properties A 6 to the good at 188p. Regional A added a penny to 126p on the higher profits and property revaluation. Among smaller-priced issues, Town and City gained 11

#### Rally in Oils

ACTIVE STOCKS

tion marks price (p) on day 25p 9 685 +10

21pm

OPTIONS

July 21 Aug. 1 Oct. 23 Nov. 3 FNFC, Shell Transport, Feedex, Aug. 4 Aug. 15 Nov. 6 Nov. 17 Endeavour, Premier Oil, Higgs Aug. 18 Aug. 29 Nov. 20 Dec. 1 and Hill, Woodside, Derritron

For rate indications see end of and M. P. Kent. Puts were done

**EQUITIES** 

**FIXED INTEREST STOCKS** 

"RIGHTS" OFFERS

27pm Lloyds & Scottle

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. a Forecast dividend: cover based on provious year's earnings. P Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. S Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public, pt Pence unless otherwise indicated. I I issued by tender, il Offered to holders of ordinary shares as a "rights." \*\* Issued by way of capitalisation. §§ Reintroduced. It issued in connection with reorganisation, marger or takeover. If introduction. I issued to former preference holders. If Allotmont letters (or fully-paid). • Provisional or pertily-paid elicitmont letters. † With warments. †† Unlisted security. ‡‡ Issued as units comprising 2 participating prof. shares and 1 ord. share at R3,50 per unit. † Dealings under special rule.

For

Stocks to attract money for arranged in FNFC.

+12

+ 2 + 4

Properties, Burmah, and Newall, Aran

the call included MIMS, Ragian

in Trusthouse Forte, BP, ICI

and Lourho, while a double was

+1 H1.57 1.82.9 2.1

91pm 292pm 725

93 369 169pm 21pm

Recently depressed secondary Oils staged a small rally, partly on technical influences and partly on the appearance of cheap buyers. Lasmo picked up a few pence better at 112p. Aran retained a gain of 14 at

low

Turner

30½pm 15½pm

432

issues came in for further use. Capel added 3 to 418p. The Oil ful support, Pritchard Services majors moved narrowly, British added 5 to 84p and Initial Ser- Petroleum settling 2 harder at 350p, after 352p, and Shell re-191p, rose 4 apiece. Rises be- lapsing to unchanged at 412p,

Further consideration of the annual profits and confident outlook prompted support for inchcape which touched 436p before settling for a net gain of a penny at 433p. Elsewhere in Overseas Traders, Lonrho eased 3 to 103p, while the nil-paid shed a similar amount to 21p premium. Tozer Kemsley 8 per cent Loan was unaltered at £92; the price in

Investment Trusts usually ended a shade easier, although the isolated firm spot was apparent. Electra added 3 to 149p, while Gresham House, 200p, and Centreway Trust, 145p gained 5; the last-mentioned announces annual results on Thursday of next week.

Shippings were selectively firm. P. & O. Deferred rose 3 to while British and Commonwealth advanced 12 to 350p and Caledonia rose 10 to 318p. Textiles remained sluggish although Courtaulds gained the

turn to 68p. Support was again lacking for Tern-Consulate however and the close was 6 lower

#### Golds improve Trading in most mining issues

quiet yesterday, although there was some demand for gold shares. The Gold Mines index put on 5.7 to 383.8 as bullion rallied \$4 an ounce to \$648.5.

Demand for South African Golds was heaviest among smaller-priced issues, many of which reached 1980 highs; these included Stilfontein, up 26 to 906p, Doornfontein, 16 better at 843p, Elandsrand, 19 higher at issues, Town and City gained 14 485p, and Welkom, 16 to the to 251p and Westminster Property 21 to 351p.

Among the heavyweights,

President Steyn gained \(\frac{1}{2}\) to £20\(\frac{1}{2}\), Western Holdings a similar amount to £341. St. Helena 1 to £19, also new highs. South African Financials were

led by Angio American, which put on 20 to 700p on favourable gained 1 to £271, Gold Fields of South Africa 1 to £341, and De Beers 4 to 428p. UC Investments gained 15 to 585p after the announcement of good results. London Financials opened reasonably firm, lost

72,16 72,24 72.49 72.34 75.95 76.84 75.75 75,63 74.07 74.08 Fixed Interest. 73.57 485.9 487.3 487.0 486.0 486.7 489.7 383,8 378,1 385,6 377,2 372,7 361.5 7.49 7.45 7.44 7.46 Ord. Dlv. Yield. 7.41 17.94 18.09 18.05 18.08 18.09 Earnings, Yld. 2 (full) 6.72 6 66 6.67 6.66 6.66 6.79 P/E Ratio(net) (\*) .... 20,026 20,719 23,698 27,655 22,865 24,208 Total Bargains... 95,17 141,13 189,95 159,28 195,21 81,73 Equity turnover &m - 15,052 17,752 16,193 16,510 17,449 21 cm Equity bargains total

FINANCIAL TIMES STOCK INDICES

10 am 489.4. 11 am 488.5. Noon 488.4. 1 pm 488.8. 2 pm 488.8. 3 pm 468.9.

Letest Index 01-245 8026.

Basis 100 Govr. Secs. 15/10/28. Fixed Int. 1928. Industri 1/7/35. Gold Mines 12/8/55. SE Activity July Dec. 1942.

HIGHS AND LOWS S.E. ACTIVITY

1980 Since Compilar n	
High 1- Low High 1 Low	
Govt Secs	
Fixed Int., 74.08 64.70 150.4 50.53 Totals 72.55 (24/7) (18/5) (28/11/47) (6/1/75)	793
Ind. Ord. 503:1 406.9 558.6 49.4 5-day Avrge. 5 (5/1) (4/6/73) (25/8/40) 5-day Avrge. 118.0 1	_ 4_ · ( 44 ·
Gold Mines 583,8 266.5 442,3 45.5 Industries 109,9 1 (28/7) (18/6) (22/5/75) (25/10/71) Speculative 35.0 2	14.8

towards midday and then picked up to close largely unchanged solidated Gold Fields, 525p, Rio Tinto-Zinc, 465p, and Tanks, £20], were all unchanged.

Demand for Platinums fell away and Impala, Lydenburg and Rustenburg all lost 4 to 336p, 158p and 248p respectively.

Tins were quiet with the exvolved in the Malaysia Mining

Corporation merger which gained ground. Dredging was the leader with a rise of 35 to 830p, while Southern Kinta gained 15 to 340p and Southern Malayan reached a new high of 560p with a rise of 5. Australians became much leading gold producers losing further ground. Gold Mines of Kalgoorlie gave up 9 to 405p. North Kalgurii 2 to 88p and Poseidon 7 to 210p.

Australian Oils held steady for the most part, but Strafa lost 4 to 128p; Haoma Gold and North West Mining, which both have interest in Strata, lost 8 each to 138p and 130p respectively,

#### **NEW HIGHS AND** LOWS FOR 1980

NEW HIGHS (102) CORPORATION LOANS (2)
COM WEALTH & AFRICAN LOANS (1) LOANS (I).

FOREICE BONDS (I).

AMERICANS (I).

BANKS (I).

BUILDINGS (I).

NEW LOWS (25).

BRITISH FUNDS (2) C 1987 Treas, 114g d) A (£20 pe STORES (1)

Zenith A NEWSPAPERS (2)
Intl. Thomson intl. Thomson intl. Thomson intl. Thomson States (2)
Garner Scotbialt K. Shoes
TEXTMES (3)
Text-Cons F. & C. Eurotrist M. & G. Hidgs OVERSTAS TRADERS (1)

#### RISES AND FALLS YESTERDAY

613 418 1,429 · Totals

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Leopold Joseph & Saus (Guern Hirzel Ct., St. Peter Port, Guernsey. 0 L.J. Sterling Fund......[E]1.89 11.81

10.86

Lazard Brothers & Co. (Jersey) Ltd.

magement International Ltd. of Bernuda Bidg., Bernuda. 809-295-4000

Lloyds Im. Incomp.

M. & G. Group

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Atlantic July 22, 10556 39 6.571 -0.03

Astronom Ex. July 22, 10557 39 8.42

Gold Ex. Acc. 1550.70 6.601 5.60

[stand 150.1 150.1 159.7 +0.1 4.08

(Accord Units) 226.4 240.9 +0.2 4.08 1200 Ars. 4 Midiand Bank Tst. Corp. (Jersey) Ltd. 28-34, Hill St., St. Heller, Jersey. 0334 3628 Midiand Drayton Gill. [103.4 103.74] +0.3[11.50 Samuel Montagu Ldn, Agents 114, 0id Broad St., EC2. Apalio Fd. July 23. SFS2.07 56.44 Jackets. July 15. INSIR 38 19.75 117 Group June 30. INSIR 38 19.75

US\$40.07 Singer & Friedlander Ltm. Agents. 20, Cannos St. ECA 01-248 9646 Dekafords 2528 2528 2528 2528 Jersey Fd. Mgrs. Ltd., Heller, Jersey 0534 36241 Surinvest (Jersey) Ltd. (x) Queen Ne., Don Rd., St. Helier, Ja American Ind.Tst. 64.98 5.07 Copper Trest 67.98 14.35 Jap. John Tst. 66.12 6.26 

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10, Wharf SL, St. Heller, Jersey (Cl.). 0539-7348
TSB Jersey Fund. 524 55.961 = 1.4 5.2
TSB Gerstrey Fund. 526 55.5 = 1.4 5.2
Prices on July 30, Next sub. day Asp. 6. Providence Capital Life Ass. (C.I.) PO Box 121, St Peter Port, Guerrsey 0481 26726/9

Tokys Pacific Holdings N.V.

Tokyo Pacific Hidgs. (Seeboard) N.V. Initials Management Co. R.V., Curacan. NAV per stare Joly 21 USS60.15

0624 23914 +2.6 — 12.00 — 16.07

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11221 1238 --- --

0705 27733

World Wide Growth Managements
10a, Societard Royal, Incombons
Worldwide Gib Fd, USSIAR, 140.00 Wren Commodity Trust rod, Tat. |46.0 NOTES

1. Henry Schroder Wasg & Co. 12d.
120, Cheapside, EC2.
Ant. Ing. 122, July 16. USSIJ 01.
ASIA Fd. Asia

#### Wed. July 23 & SUB-SECTIONS Gross Div. Yield % (ACT Est. P/E Ratio (Net) tarnings Yield % (Max.) Day's Change % Figures in parentheses show number o index No. stocks per section CAPITAL GOODS(172). 280.92 264.51 417.70 +1.2 +0.7 16.47 5.85 6.34 7*.*34 6.73 277.70 262.69 Building Materials (28) 17.45 262.82 6.75 5.40 | 415.55 | 10.13 | 790.05 | | 15 | 329.95 263.04 262.88 218.95 Contracting, Construction(27). +9.6 433.88 12.24 797.65 327.90 797.A6 329.A7 568.45 368.57 3.28 793.84 Engineering Contractors (11) 20.41 17.46 Mechanical Engineering (74). +1.2 +0.6 7.31 9.88 179.51 180.00 180.50 170.74 169.77 170.17 Metals and Metal Forming(16) 21.09 170.20 CONSUMER GOODS +2.1 228,91 229.85 229,69 230.43 221.33 +26 10.98 24.37 22.55 4.03 10.61 11.17 5.18 340.76 97.39 341.59 97.18 341.51 97.38 103.24 342.90 309.00 97.63 147.79 Household Goods (14)... Motors and Distributors (21). +0.5 102.42 103.52 108,40 103.32 234.87 6.85 7.34 6.21 (NON DURABLES) (172) +0.7 233.31 234.10 234.77 235.24 226.15 6.46 6.37 6.67 7.05 Breweries (14)..... +0.3 +0.7 15.91 18,97 284.22 317.60 284.07 317.60 285.07 286.72 309.24 Wines and Spirits (5) ...... Entertainment, Catering (17). 315.91 321.79 +0.2 +0.3 17.23 19.11 335.05 Food Manufacturers (21)... 213.23 214.59 192.34 294.21 212*2*1 +0.8 +1.2 +1.3 +1.1 Food Retailing(13)... 349.09 439.56 12.09 21.72 4.53 6.65 346.27 434.40 346.89 347.01 Newspapers, Publishing (13) 434.63 441.44 132.71 136.79 443.11 137.82 6.22 393.61 119.84 133.83 228.87 26.70 13,79 132,07 226,30 125,78 Packaging and Paper (15) 9.46 4.66 4.48 227.72 227.52 126.32 126.37 125.79 225.85 Textiles (21) 26,13 25,41 148.93 229.61 +0.4 126.62 224.87 26.16 225.96 315.48 Tobaccos (3). 22438 223.70 26.16 26.16 10.31 Toys and Games(5)..... OTHER GROUPS (99). 26.53 226.89 8.48 16.21 +1,4 14.37 27.28 25.51 226.82 64.76 191.16 6.83 7.33 7.62 5.84 6.05 11.18 7.93 6.03 5.91 9.49 6.46 7.83 225.25 227.59 315.94 318.38 +0.4 316.05 228.75 Chemicals (16) .... 319,88 263.96 Pharmaceutical Products (7). 229.09 104.04 590.12 284.01 22.06 +0.6 104.42 595.75 103.82 104.15 45 Shipping (10) 46 Miscellaneous (60) 49 INDUSTRIAL GROUP (492) 590.18 660.97 284.56 284.45 252.00 +0.8 16.75 6.50 7.19 249.90 250.54 251.31 251.50 225.94 791.75 +0.4 29.05 6.49 3.80 788.58 787.29 796.53 800.38 640.92 294.83 +0.8 19.24 6.49 6.09 292.63 293.14 294.55 295.02 259.36 FINANCIAL GROUP (118). 228.96 229.70 233.26 233.78 178.50 224.70 227.69 236.61 236.64 210.12 224.79 227.69 235.26 224.79 227.69 236.61 298.41 298.69 298.14 247.79 247.96 253.41 229.67 229.74 232.65 43,95 Banks(6). 7.30 5.87 302.31 249.22 231.11 303.13 251.56 253.55 157.40 12.43 40.6 4.0+ 4.02 5.51 Hire Purchase (5). 10.48 143.57 116.28 \_ \_\_ 13.80 232.89 156.92 336.67 141.69 Insurance (Composite) (9) . Insurance Brokers (9) ...... +17 +12 154.54 156.74 332.84 241.65 343.83 140.56 344.41 141.01 6.85 5.01 2.65 6.19 +03 +15 Merchant Banks (12). 141.20 --3*2*2 91.59 43.04 Property (45) ... 442.08 43.04 435.70 8.70 141.69 434.38 435.59 438.17 143.16 142.23 143.14 Miscellaneous (12) 141.59 14.61 -0.1 5.45 — 258.75 262.57 263.76 264.46 4.09 10.79 241.47 242.85 243.84 242.39 7.20 9.87 413.63 408.94 415.38 418.07 investment Trusts (109) 258.65 11.18 Mining Finance (4). 241.47 12.22 ALL-SHARE INDEX(750) 281.76 +0.7 - 6.19 — | 279.82 | 280.55 | 282.51 | 282.98 | 236.11 FIXED INTEREST Year ago (approx.) FIXED INTEREST PRICE INDICES British Govt. Av. Gross Red. 11.43 11.32 xd 2dj. 1980 11.39 11.39 11.29 10.75 today 11,29

† Redemption yield. Highs and lows record bese dates and values and constituent changes irday issues. A list of the constituents is available from the Publishers, the Financial Times non Street, London, EC4P 4BY, price 15p, by post 25p.

8.31

7*3*8

7.24

7,21

Yield

Mon. July 28

Coupons

7 High

Fri. July 25

55.52 | 113.36 | 55.52 | 55.46 | 55.45 | 54.61 | 54.57

Thur. July 24

68.55 13.10 68.65 68.30 68.10 68.25 68.25 68.10 67.06

106.56

114.06

121,58

135.19

113,88

-0.82

-0.91

-0.44

-0.69

Under 5 years

Over 15 years

20-yr. Red. Deb & Loans (15)

Investment Trust Prefs. (15)

Comi. and Indl. Prefs. (20)



LOANS

Public Board and Ind. **ERITISH FUNDS** Financial to Five Years)

993 - 1 1368 14.72

983 - 1 1368 14.72

983 - 1 1368 13.65

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985 -'Shorts' (Lives up to Five Years) Shorts" (Lives up

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99.3	Inetaury 115oc 19804
99.2	Inetaury 315oc 19814
99.2	Exch. 92.0 19814
99.2	Exch. 92.0 19814
99.3	Exch. 92.0 1981
172.2	Variable 8154
172.2	Variable 8154
172.3	Variable 8154
172.3	Variable 82.5
172.3	Variable 92.5
172.3	Variable 93.5
172.3 FOREIGN BONDS & RAILS 1980 High Law Stock Five to Firtee	

901, Each, 121, oc 1985...
39% Erch 124, 45% [Alond)
79% Treasury 8.ps. 94-86th
91. Each, 124, 95 A [Alond)
79% Treasury 8.ps. 94-86th
91. Each, 124, 95 A [Clind],
70% Funding 61 pc 35-87th
197, Treasury 7.ps. 95-87th
177, Treasury 7.ps. 95-88th
83 Treasury 13 pc 1999...
84% Treasury 13 pc 1990...
191% Treasury 13 pc 1990...
191% Treasury 13 pc 1991...
191% Treasury 13 pc 191...
191% Each, 11 pc 191...
191% Each, 11 pc 191...
191% Each, 11 pc 191...
191% Treasury 12 pc 192...
191% Treasury 12 pc 193...
191% Treasury 13 pc 193...
191% Treas Five to Fifteen Years en Years

1604 | -1 | 1252 | 1279

4076 | -1 | 1252 | 1229

88 | -1 | 971 | 1341

1977 | -5 | 13.04 | 1286

81 | -1 | 8.18 | 10.67 | 1251

1978 | -1 | 1251 | 1272

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30 | **AMERICANS** 1960 | High Low | Stack Over Fifteen

271: Treasury 124cc 95#...

941: Treas 140c 96...

971: Treasury 9pc 92.56#...

971: Treasury 9pc 92.56#...

971: Treasury 134cc 96#...

14: Sedematon 3c 1996.64

97 Treasury 134cc 1977#...

14: Treasury 134cc 1977#...

15: Treasury 34cc 1977#...

101 Treasury 34cc 1979#...

102 Treasury 34cc 1979#...

103 Treasury 34cc 1979#...

104: Treasury 34cc 1979#...

105: Treasury 34cc 1979#...

105: Treasury 34cc 1979#...

106: Treasury 34cc 1979#...

107: Treasury 104cc 1979#...

107: Treasury 104cc 1979#...

107: Treasury 104cc 1979#...

108: Treasury 104cc 1979#...

108: Treasury 104cc 1979#...

109: Treasury 104cc 1984#... Over Fifteen Years Undated INTERNATIONAL BANK 871<sub>2</sub> | 78 | 5pc Stock '77-82 ..... | 87 | ..... | 5.75 | 12.30 CORPORATION LOANS 354p | 665p | Frankamerica \$1. | 19% | 18 | Union Carbide \$1. | 254 | 174 | Utd, Tech. \$US5. | 736p | U.S. Skeel \$1. .... | 961p | Woolworths \$33. | 2673 | 214 | Xerox Corp. \$1. | 17% | 114 | Zapata Corp. 25c. | CURPURATIO

355, Bath 11/10c 1995.

964, Bent Item 12/3c 1995.

965, Bristol 13/3cc 1981.

97, Burnley 13/3c 1981.

98, Do. 12/3cc 1983.

645, Gl.-C. 12/3cc 1983.

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645, Gl.-C. 12/3cc 1983.

645, Gl.-C. 12/3cc 1983.

647, Gl.-C. 13/3cc 1983.

787, Lo. 9/3cc 24-35.

771, L. C. 5/3cc 23-45.

601, Do. 5/3cc 23-87.

602, Bent 23-90.

101, Bent 23-90.

102, Bent 23-90.

103, Sec 23-44.

601, Do. 5/3cc 23-67.

104, Sec 23-46.

605, Sec 23-46.

607, Sec 23-47.

608, Do. 5/3cc 23-67.

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609 CANAI

105g | 865e | Bk Montreal \$2...

1113 870p | 8k, Nova Scor. \$1

300p | 665e | 5641 Canada \$81\_1,

954e | 435e | 8see Valley||.

124 820p | 8rascani||.

125 860p | Can. Imp. Ek. \$2...

1811 134 | Can. Pacific \$5...

1812 | 134 | Can. Pacific \$5...

1814 | 37 | De. Aor Deh. (100

947p | 550p | Hawker Sid. Canii...

221 | 125 | Hollinger \$5...

1113 855p | Huserial Olli...

144 | 925e | Hod. 8.0ii G. \$21\_2

115 | 135 | 105 | Imperial Olli...

145 | 105 | Ros | Ferg. ||...

255 | 425p | Inf. Nat Gas \$1...

195 | 126 | 100 | Place Gas \$1...

195 | 127 | 109 | 100 | Place Gas \$1...

195 | 128 | 109 | 100 | Place Gas \$1...

195 | 129 | 100 | Place Gas \$1...

195 | 129 | 100 | Place Gas \$1...

195 | 129 | 100 | Place Gas \$1...

195 | 129 | 100 | Place Gas \$1...

195 | 129 | 100 | Place Gas \$1...

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195 | 129 | 100 | Place Gas \$1...

196 | 129 | 100 | Place Gas \$1...

197 | 129 | 100 | Place Gas \$1...

198 | 129 | 100 | Place Gas \$1...

199 | 120 | 100 | Place Gas \$1...

190 | 100 | Place Gas \$1...

191 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 12 COMMONWEALTH AND AFRICAN LOANS Aust. 55-pc "E1-62 Ch. 6oc 1981-33 N.E. Thip: 1982-95 Do. Tigh: \$3-86 Sth 43-rc 45-pc 79-21 Sth. Rhed. Cisc: 65-70 Do. 6pc 73-81 4 + 14 | 7.12 | 11.51 | 12.76 | 11.51 | 12.75 | 11.51 | 12.75 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 | 12.71 FINANCIAL TIMES PUBLISHED IN LONDON & FRANKFURT

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AND PARKS AND HIRE PURCHASE SUILDING INDUSTRY—CORD.

AND PARKS AND HIRE PURCHASE SUILDING INCOME.

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286 659 Smith&leon 1.0p 7732	PAPER, PRINTING  ADVERTISING  38   20	25   More Jersey 20p.   49   33   33 15 1   22   41 2   34 2   Scrit R   10   10   10   10   10   10   10	1970    24   1971   1	1384   117   Buffels   272   274   +6   012   0   012   0   012   0   012   0   012   0   012   0   012	prother official estimates for 1990. In Dividend and yield prospectus or other official estimates for 1980. In Dividend and yield passed on prospectus or other official estimates for 1981. P. Figures assumed, z. Dividend total to date.  Authorisis and ext dividend; in ex scrip issue; in ex rights; in exceptual distribution.  REGIONAL MARKETS  The following is a selection of London quotations of starres previously instead only in regional markets. Prices of livids issues, most of which are not officially listed in London, are as quoted on the Irish exchange.  Albany inv. 200. 32
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10   20   Wood & Sales 94   28   10   5.0  5.1  30   20   Wood & Hall   28   41   1.0   5.0  5.1  23   9.2	5.3 3/4 720 Chesterfield 338 -1 5.0 14 2147.1 545 395 Charcho'ry Est. 92 -1 3.0 13 47.1254 92 72 City Offices — 92 -1 3.5 29 4211.7 129 106 Clarche Nichtolls. 126 35 51 19.1 17.6 88 049. 4.24 26/2 Control Sect. 10p 40nr 19.1 17.6 68 049. 9.9 50 32 Cam Exchange 10p 54 19.0 19.0 14 18 56.1 - 55 52 Chry New 1.10p 163 +7 19.1 17.0 18.0 19.0 19.0 19.0 19.0 19.0 19.0 19.0 19	109   89   Aurs. & Int. (50p)   108   +2   335   1.1   4.472.4   28   19   Lm   772   500, Bankers' Int   70     113.54   12   7.217.9   30   24   Lor   114   72   Berry Tinst   112   +1   1.681.0   28   14   Lor   125   1.1   1.681.0   28   1.4   1.5	Euro. Grp. 25 1.35 3.7 don inv. 5p. 25ad -1. H0.88 d. H0.	7.7) 5.8 Central Attraction (17.54c) 2211 1.0 26.7 720 5520 Falcon Rh.50c (590	"Recent Issues" and "Rights" Page 36  This service is available to every Company dealt in on Str  Exchanges throughout the United Kingdom for a fee of El  per annual for each security

# FINANCIAL TIMES

Wednesday July 30 1980



# Iran crisis over choice of Premier

BY PATRICK COCKBURN IN TEHRAN

President Abolhassan Bani-Sadr send no delegate. intensified. The clergydominated Islamic Republican Party (IRP), which has a majority in the Parliament, wants one of its hard-line leaders as Premier. So far the party has shown no inclination

A commission of seven-five from the IRP-dominated Parlia- The political paralysis of ment and one delegate from the Parliament bodes ill for any disoffice of Iran's revolutionary leader, Ayatollah Khomeini, and one. mom the President's staff—

**Profit by** 

1984' for

says NEB

THE NATIONAL Enterprise

Board is confident that the microchip company inmos will show a profit by 1984. Sir

Arthur Knight, NEB chairman, said yesterday. His statement followed Mrs. Thatcher's

announcement in the Com-mons of a further £25m for

the company.
Sir Arthur said that a re-

cently-completed independent

review of the project con-cluded that it was in "a very

strong technical position," stronger than the NEB be-

lieved seven months ago when it first approved Inmos's re-

quest for further Government

funding.

He dismissed suggestions by

established semiconductor manufacturers that Inmos had

come on the scene too late to

succeed commercially. Some

of these manufacturers were

failing to achieve their own

targets for production of ad-

vanced integrated circuits, he

private investment in Inmos

as soon as feasible. He de-

clined to set a deadline for such participation.

As well as the second £25m.

the project will be eligible

for at least £3m in regional

The Government believes

that up to £14m in subsidised

loans may be available from the European Coal and Steel

Community fund to aid

No decision has been taken

on siting of the Innos factory. Mr. Nicholas Edwards,

Secretary for Wales, said that

Cardiff or Newport was

The factory, far advanced

memory products, is expected

to begin production in 1982 and provide about 2,000 new

about the best place for it.

BY RAY DAFTER, ENERGY EDITOR

Corporation has appointed Mr.

board director responsible for

His appointment as finance

managerial reshuffle within the

state oil corporation, whose

Samuel Montagu, will take up

his appointment on August 8.

Mr. Dantzic, a director of

sidered by the Government.

finance and planning.

THE British National Oil chairman of Samuel Montagu.

Roy Dantzic. a 36-year-old Dantzic will take charge of the merchant banker, as a main corporation's financial, treasury.

future structure is being con-following Mr. Shelbourne's

He will work closely with Mr. responsibilities of a number of

interests.

and " a flicker of interest " by

steel - making

a factory in South Wales.

depressed

regions.

He would continue to seek

By Guy de Jonquieres

Inmos,

to compromise.

IRAN FACED a growing con- be submitted to the President. stitutional crisis yesterday as But even this solution was Parliament's determination to thrown into doubt yesterday impose its own choice of a when Ayatollah Khomeini's Prime Minister and Cabinet on office announced that it would

> The crisis, the culmination of the struggle for power between President Bani-Sadr and the IRP, has overshadowed any discussion of the U.S. hostages whose fate, Ayatollah Khomeini has said, must be decided by Parliament.

cussion of their release. Asked what would happen about the hostages, Mr. Mehdi Bazargan. is now to produce a list of can-the former Premier, replied: "I enough. Some suggest their majority of the IRP have didates for Prime Minister to don't even know what's going former presidential candidate, decided that now is the moment

BY JOHN ELLIOTT AND JOHN GRIFFITHS

single private sector company turned down, since the general election. The Gover

Industry to help it modernise and rationalise its tyre opera-

The aid has been under dis-

cussion with the Industry Department for more than 18

months. The application has

been regarded as highly contro-

versial. But it was agreed recently and is believed to have

time when it is facing problems

Mrs. Thatcher was told about

Government's support for Inmos

What the Prime Minister may

not have known is that the aid

Continued from Page 1

Mr. James Callaghan opened

Opposition

"Industry is now in danger of

being sucked into a downward

spiral." There was no evidence

before it changed its policies.

The Government must not

As finance director.

a Morton, a banker formerly with

tax, insurance and planning

the Samuel Montagu group, who

designed from the BNOC board

appoitment. The two had had

As a result of these moves the

corporation has changed the

many disagreements.

He succeeds Mr. Alastair

the packed House:

economic record.

the country, he said.

Microchip plant

tions in the UK.

internationally.

Mrs. Thatcher yesterday of Government's Industrial De-£6.1m aid for Dunlop is one of velopment Advisory Board

the largest packages of State recommended that an applica-industrial aid awarded to a tion for about £23m should be

The company will use the sidered asking the National

money from the Department of Enterprise Board, which be-Industry to help it modernise lieved Dunlop needed to raise

been announced yesterday to enable the company to demonstrate the support it is receiving from the Government at a increasing general industrial increasing general industrial

the aid as part of the briefing companies like Dunlop which

terday Commons censure Dunlop says its £6.1m will debate, and apparently decided help meet the cost of pro-

to disclose it, along with the grammes to raise productivity

and enterprise zones, as Details of the programme are evidence of the Ministers still being worked out with the interest in helping industry. Department, but it seems

said. "No one can opt out of problems on the backs of 2.5m

the debate with a scathing other economic summit to take

attack on the Government's international action to stimulate

Leader

attempt to solve the nation's industrial assistance.

Merchant banker joins BNOC board

she received in advance of yes- lodged requests before then.

to happen to me,"

erament issue or anything Hojatoleslam Kh else. Khamene'i, Tehran's powerful spiritual leader, said yesterday.

tiations over the last few weeks complained of biased procedures time handing out medals. the IRP has already imposed and intimidation. Another was Mr. Mustapha Mir-Salim. persuaded to withdraw his Deputy Interior Minister and a resignation. member of its central committee, on President Bani-Sedr.

became clear that many mem-bers of the IRP did not con-stop playing party politics." sider Mr. Mir-Salim tough

£6m Government aid will go on

ANNOUNCEMENT by history. Early in 1979 the last wide range of truck and other

The Government then con-

a lot of fresh equity, to take a

stake in the company. Dunlop refused to agree to this, and

since then has had protracted

negotiations with Industry Department officials about what

The package which has been agreed gives it £2.25m of selec-

tive regional aid and £3.85m

investment, closed for applica-

tions in June of last year but it is still making allocations to

likely the focus of attention

unemployed."
Mrs. Thatcher should call an-

trade, he said. If such a move Its strategy was spreading could not be agreed, the efficient inificantly. But, says the CBI, mass unemployment, undermining industry and demoralising have to be temporarily protecting for the rate of inflation, it the country, he said.

for the developing world. Mr. Callaghan said. "If world trade

BNOC (Ventures), has also taken over responsibility for

trading (an interest formerly

headed by Mr. Morton) and

of BNOC (Development), has

been given responsibility for

exploration, procurement, con-

engineering, petroleum engin-

Mr. Jerry Evans, carrently managing director responsible

for corporate policy develop-

eering and research.

general

Mr. Malcolm Ford, chairman

public affairs.

they modernised.

will be the Fort Dunlop plant still

could receive.

and cut expenses.

application has a chequered in Birmingham. This makes a operations last year.

**Dunlop modernisation plans** 

Mr. Jalaluddin Farsi, should to reduce Mr. Bani-Sadr to The selection of a new Gov- lead the new Cabinet despite purely ceremonial role. Two "much more the fact that he has said that months ago, one of their party important than the hostage he could not work with the President

The bitterness of the faction fighting within the Parliament the President should have the has already led to the resig- same status "as the King of As a result of tortuous nego- nation of one deputy, who

The Militant Clergy of Tehran, an organisation which But during a closed session of played a very significant role Parliament on Monday it in opposition to the deceased But it appears that the

tyres and has ben earmarked

for some time as needing more

Dunlop's other UK tyre

automated

plants are at Washington, Co. Durham, already a fairly

tyres, and a smaller plant at Inchinnan, near Glasgow, To-

gether they employ 8,000

The latest proposals relate to

a general reshaping of the com-pany's operations which started

at the end of 1978, around the

time when the earlier request for financial aid was turned

Dunlop has already re-trenched considerably under

the pressures of over-capacity

throughout Europe, a major factor in which has been the introduction of long-life steel

Early last year it closed its

Speke plant on Merseyside, cut-

ting 2.400 jobs. Another 240

were lost at Inchinnan, and

this year it announced it was

cutting 600 at Fort Dunlop. Despite this, and a reorganisa-

tion of the tyre operations into

four specialst divisions. Dunlop

Continued from Page 1

**CBI** gives

recession

warning

As many as 16 of the 44

individual industries covered by

are more than adequate.

ing, land, and pipeline matters.

Mr. Evans will also become the

corporation's secretary at the

decide whether or not it will

split the trading operations from

BNOC's main exploration and

production interests. A state-

ment is also expected from Mr.

David Howell, Energy Secre-tary, over plans to issue BNOC

revenue bonds. It is not known

whether the Government will

ted by import controls while has not been accompanied by a

increased, he said, and North steadily increasing number of

combined with trade and aid sure on profit margins.

ey modernised. decline in increases of unit Such protection should be costs. This means more pres-

lost £11m on its tyre

producing steel radial

automation.

highly

people.

radial tyres.

recorded, and subsequently published, conversation said that England " and should spend his Given the erosion of the sterling finance to be too high

President's power over the last some outsiders have no such infour months, it is likely that hibitions. So the sterling "Bullonly the intervention of dog " foreign bond market dead Ayatollah Khomeini on his side | since the war, save for some will balance the power of the scheduled territory issues. has and produce a Prime Minister and Cabinet which the President would find acceptable.

Shah's funeral, Page 3; Editorial Comment, Page 20

# Brazilian debt \$4bn

By Peter Montagnon

BRAZILIAN borrowers are due to repay to international banks debt amounting to \$11.28bn (£4.74bn) this year, according to the Bank for International Settlements. The total caused some surprise in Euromarkets yesterday as it is higher than expected.

It compares with Brazil's own estimates of debt amor-tisation this year of \$7bn.

be due to the inclusion in the latter of short-term interbank horrowings excluded from the Brazilian figures.

Large repayments are also due this year from Mexico, with \$10.68bn, Spain, with Argentina with \$6.95bn, South Korea, with \$6.71bn, and Poland, with

Maturing debt now accounts for much of developing coun-tries' borrowing requirements

crepancy between the Brazilian figure and that now produced by the BIS may well

closure underlines the tight external financial position of Brazil. Its debt maturing in 1980 is exceeded only by that of Venezuela, which is to repay \$12.66bn. Venezuela is also traditionally a very short term borrower in the Euro-

Organisation of Petroleum Exporting Countries used their growing oil revenues to repay \$4bn in debt to com-mercial banks during the first quarter of 1980.

# higher than expected

At least part of the dis-

Nonetheless, the BIS dis-

In a separate report, the BIS said that members of the

Details, page 25.

# Weather

E. Anglia, E. Midlands.

N. Wales
Mainly cloudy with showers,
becoming brighter. Max. 22C Sea oil revenue used for direct | companies saying their stocks E., N.E. England, E. Scotland

Mainly cloudy with thundery

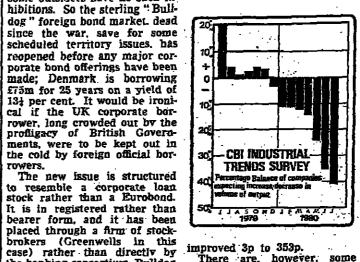
showers or rain and chastai fog. Rather cool on coasts. Max. 21C (70F). N.W., N. England, Lakes, W. Scotland, Ulster

Mainly cloudy with thundery howers or rain. Max 21C end of September on the retire-ment of Mr. Leslie Croydon. The Government still has to N. Scotland Bright at first, becoming

cloudy with showers or longer periods of rain, Max. 17C (63F). Outlook: Showers and sunny

intervals, WORLDWIDE

. Y'day midday °C °F						Y'day midday		
Ajaccio	s	25		Jersey	R	16	Ę1	
Algiers	Š	31		L.Pims.	Ë	24	Ž5	
Amsdm.	š	25		Lisbon	F	ž	73	
Athens	Š	30		Focetua	F	27 27	81	
	S				Έ.		완	
Barcina.	5	26		Landan	č	23	73	
Boirut	Š	26		Luxmbg.	F	25	.77	
lelfast	Ś	20		Luxor	5	38	100	
Belyrd.	R	24		Madrid	C	23	73	
grlin	С	22	72	Majorca	Ś	28	8.	
Brarretz	С	19	66	Malega	5	28	82	
300 թիր,	C	20		Malts	CSSSCS	31	8	
Black pl.	Š	23		M'chstr.	č	22	72	
ordx.	č	20		Milan	ě	30	86	
Boulgn.	Š	26		Moscow	ř	24	76	
	2		/3	MOSCOW	ŗ			
3rıştol	ç	22		Munich	5	25	77	
ruscels	S	27		Naples	5	28	82	
Judpst.	R	22		Nwcgti.	C	18	64	
ardiff.	С	19	66	Nice	Ş	24	75	
ologne as b ca ardill	S	23	73	Oporto	ş	19	Œ	
Cologne	F	25		Oslo	s	27	81	
Conhan.	S	74		Paris	5	26	79	



THE LEX COLUMN

Denmark opens the

bulldog market

While British companies still

consider the cost of fixed-rate

some outsiders have no such in-

£75m for 25 years on a yield of

cal if the UK corporate bor-

ments, were to be kept out in the cold by foreign official bor-

The new issue is structured

to resemble a corporate loan stock rather than a Eurobond.

It is in registered rather than

the banking consortium. Bulldog bond commission rates are lower

than Yankee bond market prac-

tice would have suggested and much lower than on a Eurobond.

where the borrower might end

up paying 11 per cent in fees

as against 1 per cent in this case. The issue is clearly aimed

at traditional gilt-edged inves-tors who may be worrying about

where their next dose of 21st-

century stock is coming from-it is even partly paid, out of consideration for hard-pressed

cash flows. And there is no non-

sense about early redemption;

the institutions demand a guaranteed final date.

day narrowed the yield premium offered by the Denmark bond

over a comparable gilt-edged

stock to a bare 0.5 percentage

points. But fund managers

brought up on a dreary diet of tap stocks seem to have been glad to be offered a change. Hardened Eurobond investors,

though, for whom Danish paper

in one currency or another has

long ceased to have scarcity value, felt the terms were

rather tight. The real test of

this new market will come when

the life offices are offered bonds by one of the sovereign bor-

rowers which tapped the Lon-don market 50 years ago-and

At £224.8m the pre-tax profits of National Westminster for the

first six months follow more or

less the pattern of Lloyds-they

are higher than the figure for January-June, 1979, but are below the second half. They,

therefore, look a good deal bet-ter than Midland's results, which

failed to match up to either half

defaulted.

NatWest Bank

The fall in gilt-edged yester-

improved 3p to 353p.

There are, however, some curious aspects to the NatWest figures. Bad and doubtful debt provision, largely specific have more than trebled to £61.5m for the half-year. There seems to be a strong precau-

sort of figure the now much abashed analysts were projecting before the banking results season began. But this does not mean the analysts were right, because there is another major surprise in the surge in profits chairman's stated preference for of the international side, contributing £84m against around £50m a year ago. Neither Midland or Lloyds achieved significant growth in international nificant growth in international profits, whereas NatWest reports substantial rises in net interest income and in foreign exchange earnings. By deduc-tion, it follows that domestic

banking profits were well down: If the international performance is not a fluke, there could earnings; it looks as though the be a further cushion against the last 10p is intended to assure ance is not a fluke, there could worsening climate for domestic Allegheny a rather less controbanking, while the scope for versial ride with the London recovery at Lombard North investment community than it Central must also be useful if enjoyed in 1978. interest rates fall. The yield Most shareholds on a one-fifth higher total diviunlike Midland, NatWest is maintaining strong current cost

British Steel The need to write down £424m

of projects that have yet to be completed, within the overall interim dividend the share price ter of British Steel's previous son Match.

Index rose 3.8 to 489.7 auditors ware that the remainsarily justify the book value of £1.7bn. Meanwhile the financial haemorrhage looks like worsen ing Redundancies and clusters will cost up to £380m this rear alone, not far short of the present £571m external financing limit (including last years)

carry-over). Working capital is set to rise £300m, even with a firste squeeze on this front, as last year's strike-induced drop of £248m unwinds. At the same time, the outgoing chairman's cryptic reference to a 2500m cost/price squeeze suggests that cost/price squeezes, if anything could be even higher. The implications are that total financing needs could well be in the fibn-film region. Such

a requirement may test the recently-revised £54bn limit for overall borrowings, adding to pressure on the Government to carry out a capital reconstruc-

In the light of the group's problems, it seems peculiarly tionary element here, rather inappropriate that it nowhere than any actual wave of bank provides a clear breakdown of ruptcies (Fodens apart) and it divisional profitability, and is hard to avoid the impression although there are some indicathat there is some element of tions in the text these are net smoothing in the figures of interest charges, which presmoothing in the figures of interest charges, which preif provisions had stayed at sents conceptual difficulties for
last year's level NatWest would state bodies. However, it seems
have reported some £260m—the that Sheffield is making a clear operating profit, once the effect of the strike is stripped out; as is Scunthorpe, while the Tubes division loss is below £10m. The Sheffield and Tubes perform-ances underline the incoming

as the price which it has nego-tiated for the group's absorption by Allegheny Ludium. Share-holders are now to be offered 187p., rather than 168p. per share, which values Wilkinson at perhaps 15 times current

Most shareholders will doubt-less be delighted to take the money and wish Allegheny good luck with the hybrid product of one of the most luckless conglomerate mergers ever blessed by the Monopolies Commission. That buyers of Swan Vestas matches should recently have been offered garden trewels at a discount is an eloquent testiof 1979, and spurred by the rise £1.3bn write-off of fixed assets, mony to the fundamental of more than a fifth in the highlights the commercial disass synergy that underlies Wilkin-

#### A new opportunity in stockmarkets does not empand, inevitably countries will drift into a projobs by 1985. that it would be willing or able the survey report that they A second plant, with 1,650 jobs by 1985, is planned. Sir Keith Joseph, the to modernise during the coming have accepted export orders at OUTBREAKS OF rain but three years of recession. tection war. reduced prices during the past " If the Government continues The Labour leader urged the four months, and sin expect to becoming brighter. Temperato dampen down demand, in- Government to stimulate domes- have to make further reduc-Industry Secretary, said that tures near normal. he took full responsibility for tic demand. Monetary targets tions. dustry will emerge weaker than London, S.E., S.W. England, today, not stronger." more clearly related to the rate. Many companies attempts to Mr. Callaghan challenged the of inflation would allow the reduce the levels of stocks of the delay in approving Walcs Inmos's request for a second Bright periods and scattered showers. Max. 22C (72F). Government to reduce both in- finished goods have not been \$25m. The delay was due to Prime Minister to declare what terest rates and the exchange successful and five consecutive rate. Public spending should be CBI surveys have now shown a Equity and fixed interest stockmarkets is many areas of the world have begun moving Four Fidelity unit trusts need to evaluate the viability level of unemployment the of the project, uncertainty Government would tolerate CBI surveys have now shown a

up in recent weeks as they look beyond the recession. With the prospect of declining interest rates, investors should capitalise now on the historically high returns (and prospects of capital gain), still available in gilts and international equities. These returns should be at least maintainable whilst the returns from deposits will fall with interest rates.

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aimed at capital growth and have risen by over 35% since launch on 17th December last compared with 22% for the FT Actuaries All-Share Index. They are both amongst the top 20 of all the 412 unit trusts to date this year. (Source: Planned Savings, July) Note that this year's Budget has favoured

capital gain orientated unit trusts.

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which has a portfolio now heavily invested in gilts and other fixed interest securities and an estimated gross current yield of 12.2%, paid quarterly.

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call him.

(MR/MRS/MISS)

#### ment and international venprivate capital into Philip Shelbourne, the newly other senior executives. Mr. Ian tures, is to take charge of appointed chairman and chief Clark. an executive board personnel, legal, secretarial, North Sea output. Page 6 Men and Matters, Page 20 executive, who was previously members and chairman of administrative, computer, build-Heavy second quarter loss for Lockheed

BY IAN HARGREAVES IN NEW YORK

LOCKHEED, the U.S. aerospace higher rates in the U.S. and by several years in the second quarter as productivity problems with its TriStar programme mounted.

The company had to write off \$70m on the L1011 TriStar programme in the quarter, taking total TriStar write offs so far this year to \$128m.

been aggravated by a surge in and seriously damaged prointerest charges caused by ductivity,

company rescued from bank- increased holding of parts for ruptcy by the U.S. Government the TriStar as production number will be up from 13 last a decade ago, plunged into its increases, more than offset the year to 26 this year—the more largest three-month loss for gains from Lockheed's profit- money it loses. able military business. For the quarter. Lockheed had

a net loss of \$26.6m on sales of same quarter a year earlier.

Lockheed's problem is that it

is still struggling with an erratic flow of parts from its sub-contractors. This, along with labour These losses-which have problems, has slowed production

TriStars Lockheed builds-the

Mr. Roy Anderson, Lockheed's chairman, said that extended lead times still existed in \$1.40n compared with a profit several areas of TriStar production, and that the expected tion. number of labour hours per aircraft had not decreased in line with predictions.

He said it was difficult to predict when Lockheed would overcome its problems. Mr. Anderson has however

The result is that the more taken this line before, and there is growing doubt whether the TriStar will ever become profitable and, in the longer term, whether Lockheed will be able to afford to remain in civil

> most powerful competitor -Boeing - is pressing ahead with new projects.

Last year the TriStar caused Lockheed losses of \$188m before taxes, and the figure this year is likely to exceed \$200m.

As Lockheed struggles, its

invinss. The 12-year-old programme has

C-Cloudy F-Fair Fg-Fog. S-Sunny, SI-Sloat, Sncost Lockheed well over \$1bn.